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Practice Tips

# A CHANGE IN STRATEGY FOR FILING CERTAIN APPLICATIONS UNDER PATENT COOPERATION TREATY

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To file a patent application in foreign jurisdictions, a U.S. applicant has the option of filing the application using the Patent Cooperation Treaty (PCT), which is administered by the World Intellectual Property Organization (WIPO). Although WIPO does not grant patents, an application filed under the PCT is equivalent to filing such an application in any of the countries selected in the application from among the more than 100 signatory countries of the treaty.

The PCT application process is divided into three parts called chapters. Chapter I is the search phase of the application. During Chapter I, one of the International Search Authorities (ISA) of WIPO performs a prior art search and issues an International Search Report (ISR).

During Chapter II, the claims of the application are examined by one of the International Preliminary Examination Authorities (IPEA) and an International Preliminary Examination Report (IPER) is issued opining on the patentability of the claims based, in part, upon the ISR.

During Chapter III, an applicant files (nationalizes) a national stage application in each of the jurisdictions in which he or she wants a patent, claiming priority to the PCT application. The results of the ISR and the IPER are submitted along with the application to form part of the basis of each national stage application.

Both the U.S. Patent and Trademark Office (USPTO) and the European Patent Office (EPO) are qualified to act as an ISA and an IPEA for US applicants. However, the EPO will act as the IPEA only if it was the ISA. Frequently, a U.S. applicant that wishes to file a PCT application, and ultimately to file a Chapter III national stage application in Europe, will file its PCT application designating the EPO as the ISA and IPEA. This designation has two benefits.

## The Benefits

First, the searchers at the EPO typically conduct high-quality searches for relevant prior art. The EPO employs professional searchers whose only job is to search for prior art. These searchers do not examine the claims for patentability. As a result, an EPO-conducted search frequently uncovers close prior art. Early detection of prior art permits an applicant to amend

his or her claims in other jurisdictions, including the United States, to avoid the disclosed prior art. This practice can ultimately result in a stronger patent.

Second, if the EPO acts as the ISA, the EPO does not require an additional search to be performed when the application is filed nationally in the EPO. In addition, if the EPO acts as the IPEA, the examination fee is reduced when the application is filed nationally in the EPO. In contrast, if the USPTO acts as the ISA and the IPEA, the EPO would require an additional search to be performed if and when the application is filed nationally in the EPO. Because a second search is not required by the EPO and the examination fee is reduced, U.S. applicants save additional fees by designating the EPO as the ISA and IPEA. For these two reasons, many U.S. applicants that ultimately plan to file a nationalized application in the EPO will designate the EPO as the ISA and the IPEA when filing a PCT application. However, as a result of recent changes, the benefits of such a strategy have been removed for certain U.S. applicants.

In November, the PCT Assembly approved an amendment to the agreement between the European Patent Organization and the International Bureau (IB) of WIPO. This amendment permits the EPO to determine for which international applications it is competent to act as the ISA and the IPEA. Consequently, the president of the EPO issued a notice to the IB that affects certain international applications filed, or for which a Chapter II Demand is filed, on or after March 1, by a national or resident of the United States.

Specifically, under the new rules, the EPO will not act as the ISA for any international application filed by a national or resident of the United States on or after March 1, with the USPTO or the IB acting as the receiving office, if the application contains one or more claims relating to the fields of biotechnology or business methods as defined by the cited International Patent Classifi-cation classes (see table, page 8). The EPO also will not act as the IPEA for any international application filed by a national or resident of the United States, with the USPTO or the IB acting as receiving office, where the corresponding Chapter II Demand is filed on or after March 1, and the application contains one or more claims relating to the fields of biotechnology, business methods, or telecommunication as defined by the cited International Patent Classifi-cation classes (see table, page 8). In an attempt to reduce the burden of handling a majority of the PCT applications filed worldwide so that more time and resources can be allocated to addressing European applications, the EPO has instituted these rules against certain technologies in PCT applications filed by U.S. applicants. The EPO's exclusion of any claims directed to such subject matter within the broad classifications noted in the table, however, seems to be an unfortunate overreaction. Even though an application may contain many claims outside the excluded fields, the existence of just a single claim in an excluded field will cause all the claims not to be searched and/or examined by the EPO. As a result, most international applications affected by these changes will need to designate the USPTO as the ISA and the IPEA.

How to Avoid This Result

There may be several ways to avoid this result and obtain a European search report.

For example, if one of the applicants for at least one designated PCT contracting state is entitled to

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file an international application with another PCT receiving office (e.g., one of the applicants is European and hence entitled to file in the EPO), filing the application with the EPO should circumvent the changes.

Similarly, it has been suggested by European patent attorneys that it may be possible to name a European patent attorney as an applicant for a PCT contracting state designated by the application, thereby permitting the application to be filed with the EPO as receiving office. In this case, after the IPER, the attorney would assign the rights to the application back to the original applicant.

Although less cost effective, another alternative is to file multiple PCT applications dividing the claims by subject matter and limiting the EPO-designated application to claims that are not excluded by the EPO rule. Also, using a European associate, a U.S. applicant can directly file an application with the EPO, altogether avoiding a PCT application. Using this strategy, a U.S. applicant might consider filing a PCT application for the other jurisdictions of interest while separately filing the EPO application. Consequently, an applicant can obtain an EPO search report for an application having a claim in one of the excluded fields. Although this accelerates examination of the application in Europe and its associated costs, early on it allows an applicant to take advantage of the high quality searching done by the EPO.

Questions Remain

Many questions remain. For example, it seems that under the new rule an ISR will not issue from the EPO if an international application is filed on or after March 1, where the USPTO is the receiving office but the EPO is designated as the ISA and the application is deemed to include a claim in an excluded field.

. In such a case, does an applicant have an opportunity to designate another searching authority?

. Will the application be forwarded to the USPTO to act as the ISA, or will the application not receive any ISR?

. If no search is carried out, will the search fees be refunded or, if not, will there be a reduction in the search fees upon entering the European national phase?

. Is there a right of appeal, and to whom is that appeal made, if an applicant disagrees with the EPO as to whether a claim falls within an excluded field?

. Because the EPO, acting as the IPEA, carries out only examination of applications for which it was the ISA, what is the fate of affected pending applications in which the EPO was the ISA but for which a Chapter II demand is filed on or after March 1, designating the EPO as the IPEA?

. Will no IPER issue, will the application be forwarded to the USPTO to act as the IPEA, or does an applicant have an opportunity to cancel claims in excluded fields while maintaining claims in other fields to obtain an IPER from the EPO?

. Regarding the latter, what is the deadline for such amendments?

These questions as well as others will need to be addressed as the EPO begins to implement its policy against certain international applications originating in the United States.

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