

3 Procedural Issues Relating to the PCT International Application System^(*)

The globalization of economic activities has led to an increase in not only the utility of international applications (PCT international applications) under the Patent Cooperation Treaty (PCT) as a means to obtaining a patent right on an international basis, but also in the number of PCT international applications received by the Japan Patent Office (JPO) acting as a receiving office. However, while there is a great need for the use of PCT international applications among the Japanese users, critical opinions have been voiced on various issues related to the procedures.

The purpose of this research study is to provide basic material for examining any amendment to the rules or improvement in operation so that the PCT international application system can continue to operate functionally and to enable users to utilize the PCT international application system strategically through research, organization and analysis of the actual conditions of use of PCT international application system. Moreover, this basic material is intended to be used for examining any approaches to the relevant offices of foreign states as well as organizations such as WIPO. In particular, Japanese companies and patent firms were surveyed through questionnaire and interviews, while foreign intellectual property offices and companies were also surveyed through interviews. Based on the results of these surveys, examinations were conducted by the Research Study Committee.

I Introduction

1 Background to the Examination

The globalization of economic activities has led to an increase in not only the utility of international applications under the Patent Cooperation Treaty (PCT) (hereinafter referred to as the "PCT international application") as means to obtaining rights on an international basis, but also in the number of PCT international applications received by the Japan Patent Office (JPO) acting as a receiving office.

However, while there is a great need for the use of PCT international applications among the Japanese users, critical opinions have been voiced by such users on various issues such as complicated procedures for fee payments, inconvenience in the use of online filing software, annoyance with the frequent fee revision, difficulty in obtaining PCT national phase entry information and insufficient information on procedural practices.

Moreover, the Japanese government has recently suggested in its Global Intellectual Property Initiative and Intellectual Property Strategic Program that the number of competent international searching authorities should be increased to improve convenience in filing PCT international applications. Therefore, this momentum to improve the functions of PCT

international applications must be maintained to support international intellectual property activities by Japanese users. It is of no small significance that the opinions would be collected from users of Japan, which receives the second largest number of PCT international applications of any country—a number that is still growing—and that approaches would be made to foreign patent offices and organizations, including the International Bureau of the World Intellectual Property Organization (WIPO).

At the same time, operation of the PCT International Application System by the Japan Patent Office should be improved by understanding the issues found in its business operations. This can be achieved by comparing the business operations of other foreign intellectual property offices and the JPO acting as the receiving office, designated/elected office, international searching authority or international preliminary authority, from the viewpoint of offering user-friendly services.

Against this background, this research study was conducted to prepare basic materials to be used for the following three purposes, through surveys, organization and analysis of the actual usage of PCT international applications: (i) examination of amendment of rules to enable users to utilize the PCT international application system; (ii) examination of any possible operational improvements to enable the offices

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and organization of foreign states to continue operating the PCT international application system in a functional manner; and (iii) examination on the approaches to be made to foreign offices and organizations, including WIPO.

2 Method of this Research Study

(1) Examination by the Committee

With an aim to examine the procedural issues relating to the PCT international application system on the basis of technical examination, analysis and advice regarding this research study, a research study committee consisting of five members, including chairman Mr. SHIMOMICHI Teruhisa (patent attorney), industrial experts and practitioners, was established and discussions were held on three occasions.

(2) Research on Domestic and International Documents

Research, organization and analyses were conducted on documents valuable for this research study by using books, academic papers, leading cases, research study reports, council reports, database information and information from the Internet, etc.

(3) Domestic Questionnaire Survey

In relation to this research study, a questionnaire was sent to 1,033 corporations and 104 patent firms that are using the PCT international application system in Japan. (The questionnaire was sent to the respondents on June 29 and the last person received the data on August 1.) Out of these 1,137 targets in all, 574 responded (response rate 50.5%).

(4) Domestic Interview Surveys

Based on the results of the questionnaire surveys conducted in Japan, interview surveys were conducted with 13 corporations and 7 patent firms with respect to any requests or possible improvements related to this research study (from October to November).

(5) Overseas Interview Surveys

Interview surveys were conducted with the United States Patent and Trademark Office (USPTO), European Patent Office (EPO), Korean Intellectual Property Office (KIPO), and State Intellectual Property Office of the People's Republic of China (SIPO), with respect to the condition of business operations and view of each

country. (SIPO provided its answer in writing.) At the same time, questionnaire surveys were carried out with the Russian Federal Service for Intellectual Property (Rospatent) and Controller General of Patents, Designs and Trademarks (CGPDTM), to gain reference information. Moreover, interview surveys roughly equivalent to the domestic interview surveys were conducted with six companies, two each from the United States, Europe and South Korea. The answers obtained from the USPTO have not been published in this report as they were provided on condition that they would not be disclosed.

II State of Use of PCT International Application System

1 Actual Usage of PCT International Applications

Examinees are required to take a multiple number of subjects in the short-answer examination under the patent attorney examination system; and some of the examinees passed the short-answer examination even though their test scores vary greatly from one subject to another. Meanwhile, despite the fact that there are many treaties related to industrial property rights, the scope of the examination related to this topic is unclear. The number of related treaties is expected to rise. Since the 2000 revision, the examination subject specifically on the topic of treaties has been abolished. However, there has been a call to resume discussion of this subject. Furthermore, some of the optional subjects of the essay examination are currently chosen by no one or by a very small number of examinees. There have been concerns about the fairness of oral examination. Its pass rate has been on the decline. While the 2000 and 2007 revisions have introduced a system of partial exemption of examination subjects, the system has become increasingly complicated.

Based on the results of the questionnaire survey, the interview survey, and the overseas survey, the committee discussed the introduction of a threshold system to reject examinees who do not meet the minimum test score requirement for any examination subject, transformation of the optional examination subjects of the essay examination into a short-answer examination, an increase in the number of questions contained in the short-answer examination, the introduction of a compulsory essay examination specifically on

treaties, the abolishment of the oral examination and a review of the paper examination, a review of the provision concerning the exemption of examination subjects, the evaluation of practical skills, and the evaluation of foreign language skills.

2 Training System

Many respondents mentioned, as the standard for selecting the patent application route, that elements such as the number of countries to which the patent application is to be filed, the particular countries to which the patent application is to be filed (i.e., whether or not those countries are part of the PCT), and the available time for the application. The PCT route was selected if the patent application was intended to be filed with many countries. Or it was selected if a certain amount of time was required for the results of an experiment or test to become available or for the decision to be made on the necessity to obtain rights or on the country where the PCT international application was to enter the national phase. In addition, many respondents answered that their companies are inclined to file more patent applications with foreign patent offices in connection with advanced globalization through business expansions or that they are actively filing PCT international applications.

3 Advantages of PCT

While the PCT route must be selected due to its advantages, 80% of the questionnaire respondents mentioned, as an advantage, the time available until they decide on the necessity to obtain rights or the country in which the relevant PCT international application should enter the national phase. Moreover, as it was also clarified in the interview surveys, almost 40% of respondents mentioned, as an advantage of PCT, that patent applications could be filed in Japanese.

4 Disadvantages of PCT

The standard for selecting the Paris route must be one of the disadvantages of PCT. Some of the examples of such disadvantages would be the comparatively expensive costs if there were a particularly small number of countries in which a patent application entered into a national phase or if the applicant expected to obtain the right promptly.

III State of Implementation of PCT International Application Procedures

The questionnaire survey revealed that many users were dependent on patent firms for the entire procedure, i.e., 84%. More than half of such users reasoned that the procedures were too heavy a burden on them. Others mentioned reasons such as "the security available by leaving the procedures to experts" and "complicated filing procedures." This suggests the necessity to examine systems and operations with fewer burdens on the users. On the other hand, an overwhelming majority of applicants (i.e., 80% or more) who answered that they conducted the procedures themselves mentioned cost reduction as the reason, while about 25% reasoned that they needed to grasp the practical procedures. Meanwhile, the interviews conducted with domestic companies showed a trend where companies used different means in accordance with the characteristics of the case, i.e., the companies used patent firms even if they had conducted the filing procedures.

IV Issues and Needs Related to Procedural Aspects of PCT International Application System Against the JPO

1 Online Procedures

Currently, more than 90% of PCT applications are filed online, and it is likely that the top priority for the procedural aspect of PCT applications is to find solutions to issues related to online filing. Although there are two software programs available for online filing with the JPO, i.e., a domestic online filing software and PCT-SAFE, there is a great need for automatic reflection of the latest fees and automatic version upgrades for both software programs, both of which are taking precedence over other needs. At the same time, there are increasing demands for domestic online filing software to be compatible with filing in English, which can be recognized from the fact that 60% of the users of PCT-SAFE answered that the use of PCT-SAFE was for filing patent applications in English. Nevertheless, with respect to the filing in English via PCT-SAFE, many users showed strong dissatisfaction with the limited character types available in relation to the conversion of special characters.

Meanwhile, although the JPO may be

required to take some steps with respect to its system, it is an important issue in terms of improving PCT international applications' procedural convenience to allow online filing of interim documents. In the domestic interview surveys, some respondents commented that they wanted online procedures equivalent to that for national filing procedures. This means that it is necessary to make online procedures available for procedural documents for which the users are showing high demands.

2 Payment of Fees

Summing up the complaints about fee payments as being troublesome due to the difference in payee or payment method and other similar answers that were stated in the space for other options, the questionnaire survey revealed that more than 80% of respondents had demands for improvement in the procedures for payment of fees. It was also confirmed by the domestic interview surveys that many of respondents hoped for such improvements. Specifically, what is required for improvement is the unification of the payee, utilization of a prepayment system for every fee to be paid in relation to PCT international applications, and simplification of procedures, such as attaching the documents at the time of payment. Examinations are required to enable users to pay any fee through a single method.

3 Method for Submission of Priority Documents

As a result of the questionnaire survey, it was clarified that more than 70% of respondents requested that the receiving office send priority documents as the means to submitting priority documents to the International Bureau of WIPO. Submission of priority documents using the WIPO Digital Access Service (DAS) only accounted for 9% of the total submission, and the domestic interview surveys also showed that many of the respondents had never used DAS. When asked about reasons for dissatisfaction with DAS, or their reasons for not using it, many respondents mentioned the troublesome development of the internal system and the inconvenience faced before starting to use it, as well as the wasted time, which means that they avoided introducing DAS in the first place. It is expected that DAS will become a simpler and easier-to-use system in the future, and further

efforts will be made to make the method of its use widely known.

4 Matters to Which the Transitional Measures under the PCT Regulations Shall Be Applied

About 33% of respondents expected to use a system in which the applicant would be able to preserve the international filing date for an international application that has missing parts or elements by correcting it by reference of the missing part or an element from an earlier application. In the sense of increasing the options of relief for the applicants, etc., it may be worthwhile to introduce this system.

Restoration of right of priority may be allowed based on the following criteria: (i) due care has been taken; or (ii) the failure was unintentional. Including the answers preferring the latter, which is a more relaxed criterion, for the system, about 60% of respondents expected to use the system of restoration of priority rights. Although deliberations are necessary to establish a reasonable standard, it would be worthwhile to introduce this system as part of relief measures.

5 Standard for Selecting the International Searching Authority When Filing PCT International Applications in English

Respondents who have filed PCT applications with the JPO as a receiving office in English have done so mainly for the following two reasons: (i) the applicant had originally prepared the description in English; or (ii) the applicant intended to request that the EPO conduct an international search. A large percentage of respondents mentioned as the reason for designating EPO as the International Searching Authority when filing PCT international applications with the JPO as a receiving office in English, their plans for having the application enter the national phase of a country within the EPO's jurisdiction or high reliability in English document searches. The filing of applications in English, which have a multiplicity of uses, may be expected to increase due to the acceleration of the applicant's movement of right acquisition on an international basis. Yet, even greater focus shall be placed on the necessity to carry out searches of English documents as an International Searching Authority, as well as on the efforts to support acquisition of international

rights, such as the preparation of an international search report in English.

6 Expansion of Competence of the JPO as International Searching Authority

Applicants who filed PCT international applications with receiving offices of foreign countries, including Asian countries, seem to select the International Searching Authority in light of the quality, promptness and language of the international search. However, the price of the international search fee also seems to be a big reason for making such selection. The domestic questionnaire surveys showed that there were many demands for the JPO to serve as a competent international search authority with respect to international applications received by receiving offices of Asian countries. At the same time, as the advantages available by having the JPO prepare international search report were mentioned in the interview surveys conducted with the patent office and companies in the United States, it would be beneficial for the international society if the JPO responded to these requests around the world, including throughout the Asian region, as one of the JPO's possible contributions to the international society.

V Issues and Needs in the Procedural System of PCT International Applications

1 Regarding the Utilization of Work Products of and Opportunities of Amendment at the International Phase

Taking into account that 61% of respondents used the international search report to determine the necessity to obtain rights at the relevant designated countries, while about 25% of respondents used the international search report as a reference for evaluating the relevant PCT international application, most users of PCT international application are utilizing international search reports.

Meanwhile, 60% of respondents answered that they basically do not make amendments under Article 19 of the PCT. Among the respondents who used international search reports to determine the necessity to acquire rights in the relevant designated countries, 55% of them answered that they would not make amendments under Article 19 of the PCT. Taking into account the results of the domestic interview

surveys, there seems to be a strong trend toward avoiding amendments at the international phase because only claims can be amended under Article 19 of PCT and the final decisions are left to each country's office.

According to the results of the questionnaire survey, 70% of respondents (including 13% of the respondents that did not know the system itself) answered that they do not use informal comments. Almost the same results were obtained in the domestic interview surveys. While informal comments were used to attach any kind of opinion to the application, many respondents were of the opinion that they hardly felt any advantage in using them. The same opinions were heard in the interviews conducted with foreign companies. To make the system of informal comments effective, it seems that a framework to promote the use of the system is necessary.

Under the current system, while the JPO is receiving about 38,000 international applications, the requests for international preliminary examination it receives are relatively small, i.e., about 2,200 requests. Moreover, 58% of respondents answered that they basically do not request international preliminary examinations. The most common case where international preliminary examination was requested was when it was necessary to make amendments under Article 34 of the PCT, which accounted for 31% of the total cases. The ratio of requests for international preliminary examination by universities was higher than that of companies and corporations, and some opinions were offered that this fact was due to the reason that at least the major claim should be patentable in order to use the foreign patent application support system offered by the Japan Science and Technology Agency (JST).

Based on the above-mentioned viewpoints, it was found that while the applicants are aware of the usefulness of the international search report and written opinions, they do not uniformly make amendments at the international phase on the condition that the determinations to be made at the national phase of each designated country where the applicants intend to acquire rights vary. However, some of the designated countries are more likely to take into consideration the international work products, especially international search reports, at the national phase. Thus, the amendments to be made at the international phase have a certain significance in that sense, and international work products such as international search reports and written

opinions may play more than a minor role.

2 Regarding Supplementary International Search and Collaborative International Search

According to the domestic questionnaire surveys, 75% of respondents answered that they had no intention of using the system of supplementary international search, with less than 10% of respondents showing their intention to use the system. Moreover, in the domestic interview surveys, opinions were given such that the number of available supplementary search authorities was too small or that additional searches were less necessary. Given that there are few needs for a supplementary international search that would serve as the second opinion for international search at the international phase, further improvements are expected to be made in the system of supplementary international search itself.

On the other hand, though positive opinions were obtained from about 80% of respondents for the use of collaborative international search, many such opinions were given with conditions regarding fees or other conditions such that translations would not be required. Therefore, upon introducing this system in practice, the issues of language and cost burden would carry weight. In the domestic interview surveys, while there remained some problems in language or fees, many respondents showed their interests in the system on condition that the quality of search would be improved by the collective search by offices of several countries, and such search would have a certain impact on the national phase to be conducted in such countries. These results show the expectation toward the international search report, which is the first work product obtained at the international phase of the PCT international application system, to be respected to a certain degree in the examination at the national phase, and further expectations for a high-quality international search report using the collaborative international search system at an early stage of the international phase.

3 Needs for Introduction of Color Drawings

Under the current PCT international application system, drawings are to be submitted in black and white in principle. Although the JPO does not allow online submission of color

drawings, about half of the respondents to the questionnaire survey expressed their desire for the introduction of color drawings. Nevertheless, unless color drawings become acceptable by at least every receiving office, international searching authority and international preliminary examination authority, not to mention the International Bureau of WIPO, full acceptance of color drawings under the PCT international application system may cause unfairness between an applicant who files his/her application with a country where color drawings are accepted and an applicant who files his/her application with a country where color drawings are not accepted. Therefore, the introduction of color drawings to the PCT international application system should be made with the right timing, allowing for some time to closely examine the conditions of PCT contracting states and international organizations.

4 Plans for Utilization of a Third-party Observations System

According to the domestic questionnaire survey, nearly 50% of respondents showed their positive intentions toward the use of a third-party observations system. Thus, the JPO is expected to take measures to make the procedures to use the system widely known and thereby realize future utilization of the system. At the same time, measures such as the harmonization of the handling of provided information in the examination as well as the dissemination of the system by the International Bureau of WIPO after collecting information on the utilization method of each country should be useful.

VI Issues and Needs Concerning Provision and Acquisition of Information

1 Regarding the Method for Collecting Information on the PCT International Application System

While more than 80% of respondents obtained information on procedural practices, etc. through the JPO and WIPO websites, the second major case for obtaining such information was at seminars and training sessions. This shows that, in addition to publication on websites, holding seminars and training sessions in a timely manner is also important for making information known. In the domestic interview surveys, critical comments were made that the JPO's website

posed difficulties in obtaining the target information or finding any updates. As many respondents referred to WIPO's website and especially some utilized WIPO's PCT Applicant's Guide, such guide is expected to be improved for confirmation or research on systems of other countries.

2 Regarding PCT Application National Phase Entry Information

As a result of bringing in a new system to the PCT international application system where an international application shall, in principle, be deemed to have designated all the PCT contracting states, it became more difficult to grasp or search states in which the international application entered the national phase. In this regard, while 60% of universities, incorporated foundations, incorporated administrative agency or patent firms answered that they did not obtain the national phase entry information of other applications, only 25% of the companies did so. The most popular method used by the companies to obtain national phase entry information was the Patentscope service provided by WIPO. As the same answer was obtained in the interview surveys conducted with foreign companies, WIPO is expected to improve its capability of collecting information from the designated offices. While the information on the PCT national phase entry into Japan is promptly provided to WIPO, in Japan, such information is provided in two categories: publication and domestic republication. According to a questionnaire survey conducted with respect to the significance of the domestic republication of the PCT international application, 60% of respondents answered that such domestic republication should be made in the form of a bulletin as with the case of other publications, and nearly 90% of respondents answered that information on such domestic republication is necessary. It was clarified from the interview surveys that these answers were based on the present situation where information provided in the form of a bulletin is retrieved as a database information source, and the item of domestic republication of the PCT international application is incorporated in the search system. Accordingly, many of the respondents expressed their concerns that if the information on such domestic republication was not provided in the form of a bulletin, such information would be missed from the relevant search system.

VII Needs for PCT International Application System for Its Further Utilization

Surveys were also carried out on items such as the systems and operations newly proposed at the PCT working groups of WIPO. Although these items are mere proposals of the contracting states and include items that lack materiality or feasibility, it is possible that discussions will be held for future introduction of such items. Therefore, it should be worthwhile to grasp the ideas of these items from the viewpoint of the system users for future discussions on the introduction of these items.

A questionnaire survey was conducted on the following seven items.

- * Disclosure of search record
- * Formal integration of Patent Prosecution Highway into the PCT
- * Making the written opinion of the international searching authority available to the public at the time of international publication
- * Preparation of international search report and written opinion after international publication
- * Additional search at the time of international preliminary examination
- * Accelerate processing option in the international phase for an additional fee (accelerated examination)
- * Modification of document category in international search report

Among these items, there were high demands for the items "Disclosure of search record" and "Formal integration of patent prosecution highway into the PCT"; more than half of the respondents expressed their hopes or preference for these items to be realized. On the other hand, while more than 80% of respondents deemed the item "Making the written opinion of the international searching authority available to the public after international publication" preferable or worth considering, the same ratio of respondents deemed the item "Preparation of international search report and written opinion after international publication" preferable or worth considering. Moreover, some of the items showed difficulty in univocally capturing the users' needs.

VIII Conclusion

In this research study, the focus was mainly

placed on understanding the state of use of the PCT international application system in Japan and examining mainly the procedural issues found in relation to the PCT international application system.

During this research study, discussions were held on improving the PCT application system on an international basis, such as at the 5th session of the PCT working group, and moreover, the International Bureau of WIPO began providing a new online system called ePCT, where various procedures and case management can be made online. These movements led to an assumption that rapid development of new tools or major changes in the system are to be made with respect to intercommunication or data communication between the users and patent office or the International Bureau of WIPO and multiple patent offices. Moreover, as discussions are held in the patent offices of other countries to provide cooperation to WIPO with respect to ePCT, there is an increasing necessity to hold discussions at the JPO to flexibly respond to the changes in the environment.

Furthermore, in light of Japan's situation, efforts had been made to improve convenience in the procedures of the PCT international application system in conjunction with this research study. For example, in October 2012, a new system was introduced where, even if there are any missing parts or elements in an international application that claims priority, the applicant can preserve the international filing date if he/she corrects the international application by reference of the missing parts or elements from an earlier application, and thereby, the application of the provision of transitional measures pursuant to the Regulations under the PCT is withdrawn. In addition, at the current Patent System Subcommittee under the Intellectual Property Policy Committee of the Industrial Structure Council, not only the introduction of the system of restoration of priority rights is discussed but also matters were put on the agenda such as allowing international filing fees to now be paid by patent revenue stamps or in advance. These situations lead to expectations that convenience will be dramatically improved for PCT international application procedures at the JPO.

This research study clarified that many Japanese users have strong desires for an easy-to-use payment procedure for fees and user-friendly online application software as means to resolving the procedural issues related

to the PCT international applications. Moreover, regarding the issues for the overall PCT application system, there were demands on matters such as the expansion of PCT application national phase entry information as well as additional mechanisms for provision of information on the practices of designated countries. Therefore, discussions are expected to continue in order to improve the procedural issues and problems found in the PCT international application system through this research study. Also, further deliberations are expected to be held on matters requiring discussions and arrangements on an international basis at international forums mainly at WIPO to improve the procedural convenience of the system users.

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