

Notes on the PCT and PCT Contracting

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A "World Class" PCT System

Cardinal IP believes a world class PCT process will...

- 1. Provide applicants and their attorneys with <u>valuable</u> information
- 2. <u>Increase efficiency</u> for PCT member patent offices

The following are prerequisite to receiving these benefits...

- 1. Search results and written opinions must be timely
- 2. Search results and written opinions must be trusted

Timely and trusted search results and written opinions are the result of...

- 1. Good people
- 2. Good process



Who is Cardinal IP?

- IP research and software services
- Founded in 2001
- FY 2007 Began contract for PCT Search Services
 - Average of 15,000 cases per year (>50% of cases)
- Personnel
 - President 20 yrs. in IP
 - Executive VP 12 yrs. in IT, 8 years in IP
 - Director IP Services 4 yrs. USPTO as Examiner,
 - 3 yrs. managing the PCT Search contract
 - Over 150 research analysts
 - IP Attorneys
 - PhD and Masters in Engineering
 - Former U.S. Patent Examiners

We bring strong backgrounds and a proven track record; Cardinal IP is a trustworthy partner



Contracted Search Process

Part 1



Contracted Search Process

Quality

- 3 sets of eyes at Cardinal IP
- Second strong QA process at the USPTO

Timeliness

 Cardinal IP completes each search and written opinion in less than 30 days

Outsourcing-Quality Controls

- The USPTO performed a substantive (2-3 hour) review on all applications during the initial phase.
 - Error types are categorized into three error levels
 - Error rates are determined for each level
 - Reviews are performed by Primary Examiners or Managers
 - The rate of substantive review will decrease as confidence in the work product is increased.
- Continuance of the contracts is contingent on acceptable error rates being maintained.
- The USPTO additionally performs a formality review for each application prior to mailing;
- The USPTO retains all responsibility for the quality of the applications with the Authorizing Officers being USPTO employees.

Source: 2007 AIPLA presentation given by Mark Powell, USPTO Group Director



Quality Results

The USPTO required contractors to maintain an assessed error rate below 5.49%

Cardinal IP has maintained a rate <u>below 2%</u> over the course of the contract

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Timeliness Results



Source: WIPO July – September 2009 Quarterly Report



Five Recommendations Recommendation 1:

Institute a PCT Quality Control Force

- Current PCT quality controls are based on procedural self-governance by each ISA
 - No standardization amongst ISAs
 - No external auditing
- Without agreed upon auditing standards, developing trust is difficult
 - Applicants, Attorneys, and patent offices need assurances on quality
 - Trust enhances value and adds efficiency
- Timeliness should be considered in the quality audit
- Specific proposals:
 - Develop auditable quality standards
 - Establish a WIPO team of PCT quality auditors
 - Begin regular quality auditing
 - Give them a big stick...





Five Recommendations

Recommendation 2: Allow Reassignment of ISA

- No current method to manage massive system overloads (see charts below)
- Reassignment provides a "big stick" for quality and timeliness concerns
 - Would require applicant approval
- Possible with: <u>Standardized Pricing</u>
 - ISA's submit internal cost estimates for approval
 - Price set at highest approved estimate
 - ISA's receive payment based on approved estimates
 - Extra funding pays for Quality Control Force, discounts for small inventors, information technology upgrades, other ideas?



Five Recommendations Recommendation 3: Less Paper

- There are times when a hard copy is preferred
- Can we do the "green thing?"
- Specific proposals:
 - Single space applications
 - Switch to two column format
 - Reduce font size
 - Stop mailing hard copies





Five Recommendations Recommendation 4:

Continue Search Contracting

- Excellent quality control measures are in place
- Timeliness is exemplary
- USPTO examiners are free to focus on US Applications
- Specific proposals:
 - Fully fund the contract for this fiscal year
 - Develop an RFP for rebid and extension next year
 - Conduct a feasibility study for IPEA contracting





Five Recommendations Recommendation 5:

Put PCT Results in the Examiners Hands

- Eliminate duplication of work
- Examiners can't use what they don't know about
- Helps address pendency in US Applications
- Specific proposals:
 - Implement a process to import results into EDan







Thank You

Questions?