

The Third (and Best) Way to Use the PCT

Why the Patent Cooperation Treaty Makes U.S. Prosecution Better

By John H. Hornickel

If you asked 100 patent attorneys walking down the street, “What is the PCT for?”, the vast majority would answer that the PCT is used to file a U.S. patent application under the Paris Convention to reserve patent rights in many other countries. A minority of them might reply (particularly if they were on a street in New York or Washington), that the PCT is the way their foreign clients bring their own applications into the United States. But very few would answer, “to control the timing and location of my search and the timing and location of my examination for my U.S. patent application.”

Why?

This third way of using the PCT has recently appeared on the scene with the advent of the Paris Convention-certifiable Provisional U.S. Patent Application in 1999. Between 1995 and 1999, one could gamble that a U.S. provisional patent application would serve as a Paris Convention Priority document for filing in other countries. The 1995 law did not make clear that a provisional could mature into a patent, and some in other countries questioned that deficiency. Since the American Inventors Protection Act of 1999, there is no doubt because a provisional patent application could be converted into a non-provisional patent application. So American patent attorneys should now be poised to use provisional patent applications to their fullest power.

NON-PROVINCIAL PROVISIONAL THINKING

Many patent attorneys think of a provisional patent application as a “back of the envelope” rendition of the invention, designed to preserve a filing date *if* the disclosure satisfies the requirements of §112, including best mode. A provisional patent application also gets foreign filing license review for later foreign filing. One can, however, write a “regular” patent application, call it a “provisional” at the time of filing, and save more than \$500 in filing fees.

If money alone is not sufficient inducement, consider the other, less apparent attributes of a provisional patent application:

- 1) No request for a prior art search;
- 2) No request for a patentability examination;
- 3) Postponement by up to 1 year of the onset of the 20 years of possible patent life;
- 4) No requirement for inventor signatures;
- 5) No requirement for patent claims; and
- 6) No publication of patent application.

All of these other attributes are *strategic* to the prosecution of a U.S. patent application.

PROVISIONAL + PCT PRACTICE

This article takes those attributes a step further and explains why the use of the PCT *accentuates those attributes of a provisional patent application* into considerable value for the U.S. patent applicant that is based in the United States. A Provisional + PCT patent filing strategy offers the most tactical options for the U.S. patent applicant, both internationally (as has been well documented) and now also domestically.

In short, a provisional patent application has all of the benefits for Paris Convention priority claims as does a non-provisional U.S. patent application (Priority Filing Date + Foreign Filing License review). But a provisional patent application also has attributes one through six above, which are significant to domestic prosecution strategy.

DISADVANTAGES OF NON-PROVISIONAL U.S. PATENT APPLICATIONS

The filing of a non-provisional U.S. patent application *automatically* places the application into the queue for U.S. search and examination. Consider the recent case law that militates against creating a prosecution history before absolutely necessary:

- 1) the *Festo* decisions about presumptions of Prosecution History Estoppel as affecting the Doctrine of Equivalents;
- 2) the *Johnson and Johnston* decision about surrendering to the public unclaimed disclosure in the specification; and
- 3) the *Lilly v. Barr* decision about obviousness type double patenting that disregards filing date considerations (see the author's commentary about this decision in *Patent Strategy and Management*, March 2002).

ADVANTAGES OF PROVISIONAL + PCT PRACTICE FOR THE U.S. PATENT

The filing of a provisional patent application, followed by filing a PCT patent application claiming priority from the provisional application, retains for the applicant control over the timing of the request for search and the timing for the request for examination up to 30 months from the priority filing date.

A PCT application, as of January 2004, automatically "designates" the United States. There is no need for a U.S.-based applicant to begin U.S. search and examination if that applicant seeks international patent protection via the PCT, assuming that the applicant desires international patents and has preserved absolute novelty. For example, the "automatic designation" of the United States is already included in the cost of a PCT patent application filed after January 2004.

Why spend an additional \$770 before month 12 on a non-provisional U.S. patent application? Depending on how well the PCT Preliminary Examination goes, one might pay far less to enter the U.S. national stage before month 30. National stage entry of an application having a "Positive Report" from a U.S. Examiner serving as International Preliminary Examiner costs only \$100. If one is going international with the patent rights, the costs of U.S. practice are leveraged against that international filing cost.

Why spend an additional \$130 before month 12 to convert a provisional patent application to a non-provisional patent application? The conversion causes a loss of a year of patent life compared with filing a new application claiming priority therefrom.

PCT AS A PORT OF ENTRY INTO THE UNITED STATES

Why not just use the PCT as the means for entry into the U.S. search and examination regime? The PCT has other benefits besides avoidance of redundant filing costs strictly for U.S. activities:

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1) Use of unity of invention standards for search and examination, rather than the restriction practice used in U.S. examination, which can lead to divisional filing fees and increased maintenance fees;

2) Ability to enter the National Stage, with unity of invention, in the United States *at any time* after the PCT application is filed (a choice that might be beneficial for fast-moving technologies needing fast-issuing patents);

3) Use of European Patent Office searchers and preliminary examiners during the PCT International Stage, U.S. Patent Office searchers and preliminary examiners, or European searchers and U.S. preliminary examiners;

3) Later decision-making deadline for withdrawing an application from publication (roughly 2 weeks before PCT publication);

4) Ability to delay publication by 1 year via withdrawal of the claim of priority to the provisional priority application;

5) Avoidance of any applicant statement whatsoever about the claims, if one chooses not to seek International Preliminary Examination by filing a Demand at the later of 22 months or 3 months after the issuance of the International Search Report (please note the change from 19 months' deadline for a Demand, effective January 2004);

6) Placement of a U.S. applicant on the same footing as the foreign-based applicant who uses the PCT to enter the United States, the "second traditional way of using the PCT";

7) Placement of a U.S. applicant on nearly equal footing as the European, Japanese, Chinese, or other foreign applicant as to when examination must be requested (30 months for U.S. applicant vs. 36 months for EPO and China);

8) The option, at any time after PCT filing, to use the so-called "bypass route" to file one or more U.S. continuations off of the Provisional-PCT application lineage with a different claiming strategy than that chosen for National Stage entry;

9) The opportunity to begin U.S. examination, in a preliminary fashion, during the International Stage, often with the same U.S. examiner who will

receive the application upon entry into the National Stage; and

10) The saving of money upon entry into the U.S. National Stage if the International Preliminary Report on Patentability (IPRP) is favorable.

With respect to this last benefit, the U.S. IPRP needs some explanation. Formerly known as the International Preliminary Examination Report (IPER) in "Chapter II" of the PCT International Stage, this IPRP now comes in two flavors: IPRP-I out of the Search-only Chapter I and IPRP-II out of the Search and Exam Chapter II. Whether the two flavors will taste any different in the USPTO or in court remains to be seen.

SOME DISADVANTAGES (WITH REBUTTAL)

There are undoubtedly other advantages to be uncovered as this third way becomes more prominent. But there are some disadvantages to be considered for any prudent patent attorney (followed by a rebuttal in parentheses):

1) *Cost*. A PCT patent application costs more for U.S. purposes than a non-provisional. (Not if one is going to file internationally anyway.);

2) *Complexity*. A docketing system must adjust to using an "international" mechanism for domestic purposes. (The 12 month Paris convention timing is the same; it is true that Demand at 22 months and National Stage entry at 30 months are additional for U.S. purposes but are already present if other countries are being pursued.);

3) *Delay*. With the U.S. backlog growing, one just delays eventual issuance. (In some technologies that is a problem that can be addressed by a narrower continuation via the bypass route; for other technologies, end of patent term is more important than early patent life.);

4) *Uncertainty*. The client has more decisions to make on a seemingly already-decided patenting strategy. (What client does not know more with the passage of time?; a chance to revisit a decision is a bonus, not a penalty.);

5) *Valuation*. A pending patent application has less value to investors than an issued patent. (But a pending patent application has greater danger to a competitor for a longer period of

time because of uncertainty of the copendency of other applications and the delayed issuance of claims with enough time to survey the market-place for competing products.);

6) *Evidentiary Effect*. The paucity of U.S. court decisions based on the “international route” of the PCT to U.S. patent issuance.

There is no easy rebuttal to this last point because it remains unknown how much and how soon the courts will use PCT prosecution events as file history intrinsic evidence for claim interpretation, prosecution history estoppel of the doctrine of equivalents, etc. For the first 25 years of PCT existence in the United States, only a few court decisions have considered events of PCT International Stage in a U.S. issued patent.

What is quite predictable is that, unless one is successful in annulling the U.S. “automatic designation” now in place for *all* PCT applications, an accused infringer will attempt to link the prosecution history of the PCT application with the prosecution history estoppel law of the case for the U.S. application in suit, which was prosecuted separately from the PCT

application. Moreover, the Court of Appeals for the Federal Circuit is always clarifying its scope of what constitutes file history and intrinsic evidence, to wit:

- inadvertent oversights in the file history of *prior* copending patent applications, an unforgiving estoppel (*Biogen v. Berlex Laboratories* Jan. 2003)
- use of prior art terminology usage as intrinsic evidence of claim construction which is different than general dictionary definition, “a prior art patent lexicography” (*Kumar v. Ovonic Battery Co.* Dec. 2003)
- statements made in *later* related patent applications, a “retrospective estoppel” (*Microsoft v. Multi-Tech Systems* Feb. 2004)
- unamended limitations in one claim being estopped because of an amendment to add that limitation in another claim, a court-named “infectious estoppel.” (*Glaxo Wellcome v. Impax Laboratories* Jan. 2004).

Thus, unless one annuls the effects of a U.S. “automatic designation,” one should *embrace* the PCT Reform change of January 2004 to “automatically designate all countries” and be

prepared that any statement made in the PCT will be part of U.S. file history. This is because if one wants to have a patent outside of the United States and if one wants to save money, preserve options, and prosecute patent applications efficiently, then one will be using the Patent Cooperation Treaty.

THIRD WAY IS BEST WAY

This Third Way of using the PCT as a matter of domestic U.S. patenting strategy gains many advantages for the applicant to control the timing of search and examination of the U.S. application, if one begins with a Provisional Patent Application. The evidentiary effect of PCT prosecution will be upon us anyway according to the trends of the CAFC. More time before committing to a course of conduct is a good business strategy in any field of endeavor. The Provisional + PCT U.S. Domestic patenting strategy is no exception.



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