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SUBJECT: Project Initiation Document - Utilisation Pilot Project (UPP) -
(Detailed Design Phase)

DRAWN UP BY: President of the European Patent Office

ADDRESSEES: 1. Budget and Finance Committee (for opinion)
2. Administrative Council (for opinion)

SUMMARY

This is the Project Initiation Document for the detailed design and implementation of the Utilisation Pilot Project (UPP).

Apart from testing the process for full scale Utilisation, one of the key objectives of the UPP is to assess the improvements in efficiency due to the reduction of duplicate work in the European Patent Process from the perspective of the applicants, the National Patent Offices and the European Patent Office.

The Administrative Council, is requested to approve the launch of the UPP as described in this document. The Office will report back at regular intervals to the Administrative Council on the progress of the detailed design, the UPP and on the conditions for the subsequent full scale implementation in the European Patent Network.

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I. PROJECT INTRODUCTION

A. BACKGROUND

As part of the discussions related to the Strategy Debate in the Administrative Council, the European Patent Office (the "EPO" or "the Office") proposed a concept of a European Patent Network (the "EPN") based on three main elements, or pillars.

This document relates to element 1 and deals with the concept of utilising products created by National Patent Offices of the EPC Contracting States (the "NPOs") during examination of an application within its priority year by both the EPO and the applicant with the aim of improving both the efficiency and quality of the treatment of the subsequent filing.

In order to proceed with a full evaluation of the feasibility, any constraints to be met and the cost/benefit as well as efficiency gains of the utilisation concept, it was agreed by the Administrative Council in its meeting in March 2006 that the concept should be fully tested by means of a pilot project.

B. OBJECTIVES OF THE UTILISATION PILOT PROJECT (UPP)

The objectives of the Utilisation Pilot Project are to test the process by which work carried out during the priority year on a first filing at a NPO can be further utilised by an applicant and the EPO in the treatment of a subsequent filing.

Following this test, the EPO and the member states of the EPN should be able to answer the following questions:

- is the efficiency of the European patent application/examination procedure improved by utilising NPO products?
- what is the detailed process by which NPO products are transferred to the EPO?
- what is the process by which the NPO products will be accepted and their benefits evaluated?
- what procedural, technical and financial impacts will the process have on the following:

- the NPO within the EPN which processes the national first filing?
 - the applicant and the users of the European patent system?
 - the EPO?
- what costs are incurred by the applicants, the NPOs and the EPO?
 - what financial rewards can be given to the applicant in the full scale system?
 - what impact does the Utilisation process have on the other elements of the EPN?
 - what further constraints need to be met in order to implement the utilisation process throughout the EPN?

II. **SCOPE**

This is the Project Initiation Document for the detailed design of the Utilisation Pilot Project (UPP). It describes in detail the process to be followed and the deliverables required in order to set-up the Utilisation Pilot Project and to enable a decision to be made on whether or not to proceed into the Pilot Project itself.

The project includes three phases:

- **Detailed Design Phase (DDP):**
During this phase, the preparations for launching the pilot will be analysed in depth and the necessary procedures for examiners, patent administration, applicants and NPOs defined. The metrics with which the pilot will be analysed will also be established.
- **Utilisation Pilot Project (UPP):**
During this phase, the new procedures will be used for about 1500 filings per year and the various metrics monitored. The pilot project should be as close as possible to the full scale utilisation system in order to gain results which make a clear evaluation possible.
- **Analysis Phase (AP):**
During this phase, the results of the pilots will be analysed in depth and a detailed report prepared for the Administrative Council on the costs and benefits.

Based on the results of the pilot, the Administrative Council will be asked to decide whether to proceed to a full-scale implementation.

In order to be in a position to decide on the start of the UPP and to be able to answer on completion the questions listed above under the UPP objectives, the detailed design phase will further specify and develop the areas listed below.

A. EVALUATION OF THE EFFICIENCY GAINS FOR THE EUROPEAN PATENT SYSTEM

In CA/128/05 and in the subsequent discussions, various potential benefits from the Utilisation process were identified. Each of these benefits require detailed evaluation during the UPP in order to determine the efficiency gains for the European Patent System. Furthermore, each item which could be utilised should be reviewed on a case by case basis by an examiner to see if it meets the minimum requirements and proves to be useful and of benefit.

This means that minimum mandatory criteria need to be set up in order to be able to judge whether an item can be utilised and for each stage assessment criteria need to be defined to judge the level of usability.

Currently it is intended to base the design of the process on the use of the following mandatory conditions, potential benefits and subsequent assessment criteria:

a) Applicant behaviour (reinforcement of the filtering process)

- conditions:
 - the applicant receives a search report (NSR) and / or further examination related information (written opinion (NWO) / no-search / lack of unity of invention) on a national 1st filing before filing his second application.
- potential benefits:
 - the applicant bases his decision on whether to pursue his application by means of a second filing at the Office on the results of the national examination which may lead to a reduction in workload for the Office.
 - the applicant modifies his application in order to correct objections raised by the national office potentially leading to higher quality and less work on examining the second filing

- assessment criteria:
 - did the information arrive in time (with applicant +/- 10 months after filing)?
 - drop-out rate and reason for drop-out following first examination in which substantial novelty or inventive step objections were raised
 - modification and mark-up of (translated) claims between 1st and 2nd filing to correct issues raised by first Office

b) Correct Routing of the file within the Office

- conditions:
 - the applicant submits to the Office a national search report (NSR) and / or further examination related information on filing of the subsequent application claiming priority.
 - the NSR includes a correct classification in ECLA for the application as filed
- potential benefits:
 - on the basis of a correct ECLA the EPO is able to route the file to the correct examining unit directly following filing. This eliminates the work of pre-classification, subsequent delays and any eventual allocation errors within the Office which currently disrupt the work of examiners.
- assessment criteria:
 - did the information arrive on time (submitted with 2nd filing)?
 - did the search report for the 1st filing contain an ECLA class or classes?
 - were the ECLA classes correct for the application and was it routed to the correct examination unit?

c) Classification

- conditions:
 - the applicant submits to the Office a national search report (NSR) and / or further examination related information in time before Office starts preparation for publication or before the Office examiner starts work (if earlier).

- the search report includes a correct classification in ECLA for the application as filed
- the search report includes a correct classification in IPC for the application as filed
- potential benefits:
 - the examiner is required to classify the application in ECLA and IPC in time for publication and can use the classes given by the national office as a first guide and for confirmation.
 - changes or additions to classes given by the national office for the first filing can be fed back for learning and standardisation purposes.
- assessment criteria:
 - did the information arrive on time (+/- priority date + 16 months)?
 - did the search report for the 1st filing contain an ECLA class or classes?
 - were the ECLA classes correct for the application?

d) Search

- conditions:
 - the applicant submits to the Office a national search report (NSR) and / or further examination related information in time before Office examiner starts work.
 - the applicant submits a copy of the claims of the priority application in an official language indicating any modification to those claims in relation to the filing for which priority is claimed.
 - the search report contains the following standard elements:
 - an indication of the fields where the national patent office has carried out its prior art search (indication of technical fields, classes and databases searched)
 - a list of the documents cited as relevant prior art including page and paragraph information along with the claim or claims to which the citation relates
 - an indication for the relevancy of the citation (against novelty, inventive step or general prior art).

- by participating in the pilot, the applicant agrees that, where available, further search and examination information will be exchanged between the NPO and the European Patent Office relating to the first filing. This will include:
 - a written opinion of the 1st examining Office in an official language (NWO).
 - a description of the search process including subject, scope and strategy used by the 1st examiner.

- potential benefits:
 - relevant prior art documents enable the Office examiner to better understand the application and to position it within the current state of the art
 - the classification field in which prior art documents have been found gives a likely indication where a search for more relevant documents is likely to be fruitful.
 - in the case that the search report contains documents which cast doubt on the novelty of all or parts of the application: the search may be able to be terminated early or may only have to concentrate on areas within the application for which no highly relevant documents have been found.
 - relevant documents provide additional information (key-words, terms, solutions, classes, options) which help to both prepare the initial search strategy more efficiently and to improve the quality
 - in the case where a national office written opinion (NWO) is available in an official language at the time of examination then this will have the following additional benefit:
 - assist in obtaining an understanding of the problem and solution proposed
 - assist in the evaluation of documents and writing the description of the relevant pieces of information in relation to compliance with novelty and inventive step requirements
 - assist in the assessment and evaluation of clarity and disclosure of the application

- assessment criteria:
 - did the information arrive in time in order to be available before the Office examiner started examination?

- were relevant documents cited against novelty of the claims? If so, did this allow limitation of the search?
- were the claims changed between 1st and subsequent filing? If so, were these changes in direct response to elements raised in the 1st communication (if available)?
- was the invention as claimed in the 2nd filing the same as claimed in the 1st filing?
- were the (translated) claims from the priority application supplied in marked up form?

B. EXAMINER INSTRUCTIONS

A examiner check list will be developed to be used in assessing the particular benefit of the national office search (NSR) when examining the EP application and writing the EP search report and written opinion. This check list will cover the elements as described in A. above.

Suitable examiner training in the new procedures as well as an explanation of the different NPO work products will also be established.

C. APPLICANT INSTRUCTIONS

A standardised set of instructions for applicants will be prepared during the detailed design phase (DPP) for translation and distribution by participating NPOs with each selected application.

These instructions will include:

- A reminder that if they submit a NSR, NWO (if available) and translated claims (where applicable) with marked-up changes together with their EP filing, then they may be eligible to receive a refund.
- Instructions on how to label the documents when filed in paper or online.
- A recommendation to use the results of the NSR to restrict the scope of the claims prior to the EP filing if they are to maximise their chance of a refund
- An indication to the applicant that the Office will prioritise those files which are submitted within the scope of the pilot.
- A reminder that participation is of eventual benefit to the whole European Patent System by avoiding duplication of work

D. NATIONAL PATENT OFFICE INSTRUCTIONS

Instructions for NPOs will be prepared during the DPP and will include:

- Details of how applications are to be selected for inclusion in the pilot.
- Details of the instructions to applicants which are to be included with each selected NSR (and NWO) and the information to be sent to Office.
- A reminder that only NWOs prepared in an official EPO language will be considered by the Office examiner.
- How to exchange search process information including subject, scope and strategy where available.

E. PROCESS MODEL

Although the timing for the procedure set out below applies to an EP second filing, the same steps, but at adjusted time limits for PCT ISA and Euro-PCT cases will apply. These will be further specified during the detailed design.

The applicant remains responsible for providing the Office with a copy of the claims, NSR and NWO translated into an EPO official language, as appropriate. The applicant must also show by means of marking in the text where the claims of the second filing differ from those of the 1st filing whose priority is claimed.

The process that will be modelled during the pilot is expected to be as follows:

When (months)	Who	What
0	Applicant	<ul style="list-style-type: none">• First filing
6-10	NPO	<ul style="list-style-type: none">• Drafting of NSR and NWO (where applicable)• Sends a form to applicant with the applicant instructions• Sends a copy of the form to Office indicating that a file has been selected within the UPP and whether a search strategy is available

10-12	Applicant	<ul style="list-style-type: none"> Decides whether to proceed to an EP filing Updates claims to reflect results of NSR (NWO) by marking any deletions/additions in the EN/FR/DE translation
12	Applicant	<ul style="list-style-type: none"> Files EP filing including a copy of NSR, NWO and marked-up claims in an official EPO language.
12	Office	<ul style="list-style-type: none"> Distributes EP filing to examiner based on NSR classification
12-17	Office	<ul style="list-style-type: none"> Checks if pre-classification was correct Checks if claims are identical, similar, different or reduced in scope as a result of the NSR Evaluates cited documents in NSR and checks if relevance is high, partial or uninteresting Evaluates NWO to confirm relevance in understanding problem/solution, dealing with novelty and inventive step objections and any remaining clarity issues Examiner performs (limited) search and drafts written opinion
18	Office	<ul style="list-style-type: none"> Checks final classification from NSR Publishes A document Issues refund to applicant if appropriate Issues feedback to NPO on individual cases within the scope of training, quality and harmonisation.

F. PRE-REQUISITES FOR THE PILOT

In order to start the pilot phase the following elements need to be in place and have been signed off by the Project :

- the procedures within the NPO for dispatching the search report to the applicant and for making available additional examination information to the Office

- the applicants are informed of how they should proceed to file information related to the examination of the priority application when making the second filing
- the procedures for formal acceptance and verification and further processing by the Office
- the procedures for examiner evaluation of the utilisable information
- the procedure to calculate the overall efficiency gains for the applicant, the NPO and the European Patent Office
- the financial and legal procedures related to refund during the pilot phase
- the training required in both the national office and the European Patent Office
- any automation changes or modifications required

G. SUCCESS CRITERIA OF PILOT

The success of the pilot project will be assessed on the basis of the overall evaluation considering the following criteria:

- In the case that the applicant chooses not to proceed after receiving an NSR, in how many cases was that due to the result of the NSR?
- For those that continue to an EP filing, in how many cases did the applicant update the claims to reflect the documents cited in the NSR?
- Were the claims used in the EP filing identical to those used as the basis for the NSR?
- Were the NSR classifications accurate?
- In how many cases were the time savings for pre-classification, search, written opinion and classification greater than the extra time needed for checking these?
- What was the additional cost incurred at each stage: for the NPO, for the applicant and for the European Patent Office?

- What were the benefits at each stage: for the Applicants, for the NPO and for the European Patent Office?

H. METRICS

During the pilot, the following metrics will be collected for each filing evaluated during the pilot:

- Proportion of drop-out after an NSR and associated reasons.
- Similarity of the National and EP filing claims
- Reduction in scope of the claims after NSR
- Relevance of cited documents
- Time needed to check pre-classification
- Time needed to check cited document and NOW
- Time needed for classification
- Time needed for (reduced) search
- Efficiency gains by using the NPO work products

I. CRITERIA FOR THE SELECTION OF PARTNERS

In order to ensure that the results of the UPP provide sufficient information to decide on the full scale deployment of the Utilisation process the partners for the pilot project need to be carefully selected to ensure that it is representative of the various issues.

It is proposed that not more than three NPO participate in the pilot. On the basis of complexity and the parameters to be tested during the pilot, the selection of participating Offices in the pilot should be evaluated on the following criteria:

- The NPO must, at least, produce a report after search which is dispatched to the applicant and which contains the elements necessary to evaluate the potential efficiency gains.
- Based on the annual volume of the national first filings which subsequently proceed as EP second filings, there must be one participating NPO selected

M. FEEDBACK AND MARKETING

The marketing and communication of the pilot will be done through the National Offices directly with their customers.

During the pilot phase, feedback will be gathered from the major users and stakeholders in the European Patent System in order to allow a fine tuning of the full-scale system to best balance the needs of applicants, the national offices and the European Patent Office.

N. PRE-REQUISITES FOR FULL SCALE ROLL-OUT

Before the pilot can be rolled out into a full-scale process, the following pre-requisites will need to be addressed to minimise the overhead on the Office, the NPO and the applicants:

- Changes to examiner software to allow simple access to the NSR and NWO.
- Changes to examiner desktop to allow simple recording of the utilisation value of each NSR and NWO
- Electronic exchange of additional examination information (search strategies) with NPOs.
- The legal situation in each NPO with respect to the direct dispatch of information to the second filing Office with or without applicant consent.
- Online Filing of additional documents

During the DDP, this list will be further refined.

III. RESOURCES AND PROJECT STRUCTURE FOR THE DDP AND UPP

A. RESOURCES FOR THE DETAILED DESIGN PHASE (DPP)

In order to complete the detailed design of the Pilot Project both internal and national office resources will be required.

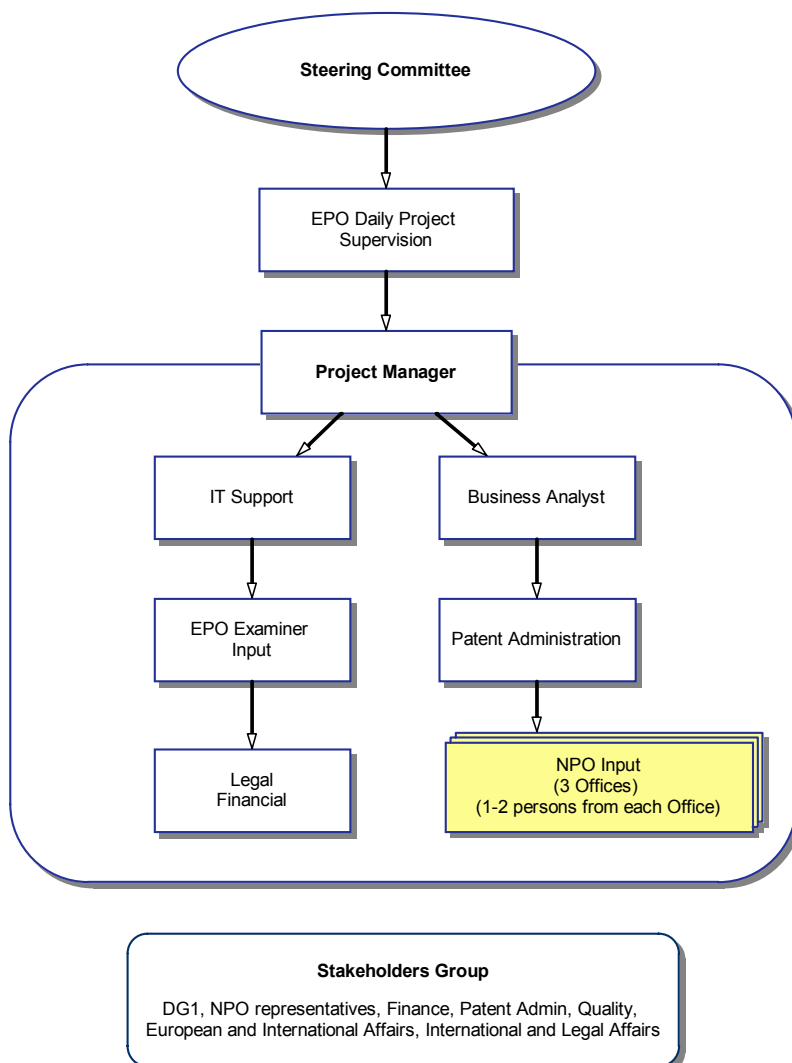
Using the Office-wide Prince 2 project methodology the project is will be set up with a steering committee, project supervisors, a project team and a stakeholders group at the operational level.

The cost of the detailed design phase is currently estimated at EURO 620,000. This is based on the cost of the internal and external staff required to work within the project team over a period of 6 months excluding their travel.

The Office's project team as described below will comprise external and internal staff at an estimated cost of 440,000 Euro which will be borne by the Office.

The remaining amount of 180,000 Euro is based on an estimate of 60,000 Euro per NPO for the cost to be borne by each of them to provide expert staff in their Office to support and provide input continuously into the detailed design phase.

The diagram below shows the proposed project structure.



B. RESOURCES FOR THE PILOT PROJECT

During the detailed design phase the resources required and therefore the costs for running the pilot project will be defined in more detail.

For the pilot project there will be a project team as well as investments by the Office and the NPOs in the implementation of the pilot. These investments will include: examiner, applicant and NPO instructions, new formalities procedures, communication, automation, assessment time by individual examiners, training, preparing feedback and dealing with questions from applicants.

IV. TIMETABLE AND PROJECT PLAN

The current planning is based on the assumption that the Detailed Design Phase (DDP) can be completed in 6 months and that the Utilisation Pilot Project (UPP) will have generated sufficient information within 12 months and that a further 6 months is needed for the Analysis Phase (AP).

However, the UPP may continue for one or two years longer as necessary to establish a clear evaluation of efficiency gains and requirements for the full scale implementation.

Approval to launch:	AC June 2006
Detailed Design Status report:	AC December 2006
Start Utilisation Pilot Project (UPP):	January 2007
UPP intermediate status report:	AC June 2007
UPP continuation report / recommendation to build-up participation:	AC December 2007
AP report, UPP Closure and start full scale	AC June 2008

V. RISK ANALYSIS & COUNTERMEASURES

As with any project a key method for control is to identify potential risks and implement suitable countermeasures.

This will be the first deliverable of the detailed design phase and should deal with all major risks which may affect the timetable, costs, quality, scope and results of the UPP.

VI. PROJECT QUALITY MANAGEMENT

During the detailed design phase Project Quality Management will be assured by the Project Manager assisted by the IS project support group using Prince 2 project management principles.

For the Pilot Project itself the Project Quality Management will be assured by a Project Quality Manager.

VII. PROJECT CLOSURE

The UPP will be closed following the decision by the Administrative council on whether to proceed into full-scale deployment of the Utilisation concept within the European Patent Network.

VIII. NEXT STEP

Reference is made to CA/126/06, Article 1, which contains the decision to be taken by the Administrative Council in relation to the utilisation pilot project.