

Breaking through the backlog: how recent changes affect US applicants

Brenda Holmes of **Kilpatrick Townsend & Stockton** reviews the expansion of the Patent Prosecution Highway between the US and Brazil, Brazil's new preliminary office actions and what the programmes mean for US applicants

Brazil has long been known for having a large backlog of unexamined patent applications. According to WIPO, the average time from the filing of a request for examination until the issuance of an office action for an application at the National Institute of Industrial Property (INPI) in Brazil was over 6.5 years in 2018. Since a request for examination may be filed up to three years after the filing of an application, many Brazilian applications were waiting for almost 10 years for an office action.

As shown in Figure 1, the number of patent applications filed by US applicants at INPI steadily increased from 2010 to a high of over 10,000 in 2015. Since 2015 the number of new applications filed has decreased so that the number in 2018, the most recent year for which data is available from WIPO, was approximately the same as in 2010. One reason for the decline may be the lengthy processing time faced by applications. Figure 1 shows that the trend for filings by US applicants is similar to that for all applicants.

There is a significant gap between the number of applications filed by US applicants and the number of patents granted to US applicants on an annual basis. Figure 2 shows that the number of patent grants to US applicants increased from 2014 to 2018, with a large jump between 2017 and 2018. Even so, US applicants filed over twice as many new applications in 2018 as grants received. Moreover, the increase in the number of grants to US applicants did not keep pace with the increase for all applicants, especially between 2016 and 2018.

MINUTE READ

INPI in Brazil is taking significant steps to address its backlog of pending applications. Two recent changes are examined to determine their impact on US applicants – the of the Patent Prosecution Highway (PPH) and the introduction of preliminary office actions. The PPH between Brazil and the US has recently been expanded to be technology neutral. Applications accepted into the programme receive accelerated examination and generally have higher allowance rates than non-PPH applications. INPI is now issuing preliminary office actions for applications filed before 2017. A preliminary office action is based on prior art identified by another patent office. As INPI conducts no further searching, the office expects that the examination time for these applications will be reduced. US applicants should see a reduction in average application pendency and probably higher allowance rates due to these changes.



A PPH success story

To illustrate the potential impact PPH can have on the pendency of an application, consider this example. A national stage application was filed at INPI in September 2017. A PPH request was filed along with a request for examination in October 2018. The claims of the Brazilian application were amended to conform to the issued claims in the US counterpart. The Brazilian application was accepted into the PPH in February 2019 and a notice of allowance was issued in June 2019. All

Two recent developments should improve the backlog and increase grants for US applicants: 1) the expansion of the Patent Prosecution Highway (PPH) between Brazil and the US, and 2) the introduction of preliminary office actions. Both of these programmes seek to leverage search and examination performed by other patent offices.

Patent Prosecution Highway

The PPH provides a fast-track examination process for an application in one patent office after another office determines that there is at least one allowable claim in a counterpart application. For example, once there is at least one such claim in a US application, a PPH request may be filed at INPI to accelerate the examination process for the Brazilian application.

Although the USPTO began partnering with other patent offices in 2006 to implement PPH programmes, there was no PPH with INPI until 2016. It was originally limited to applications filed by US applicants for oil and gas and petrochemical inventions. In 2018, the PPH was extended to include applications for information technology inventions. In December 2019, the programme was extended yet again to be technology neutral. According to the memorandum of understand-

ing between INPI and the USPTO, the programme will be available until at least November 30 2024.

To utilise the PPH, a US applicant files a PPH request with INPI. The Brazilian application must include at least one claim that corresponds to an allowable claim from the US application. The PPH request must indicate how the pending Brazilian claims correspond to the allowed US claims. The claims in the Brazilian application may be amended as needed to achieve the desired correspondence. Applicants commonly amend so that all of the pending claims sufficiently correspond to an allowable claim. The PPH request must be filed prior to examination. It may be filed with or after a request for examination so long as examination has not yet begun.

If the PPH request is granted, INPI prioritises examination of the application. A Brazilian patent examiner examines the application according to Brazilian law and guidelines. Although an application accepted into the PPH is not automatically allowed, the allowance rate of PPH applications is generally higher than of non-PPH applications in most patent offices. INPI reported in March 2019 that US applicants had filed 156 PPH requests and that the allowance rate for those PPH applications was 94%.

Figure 1: Patent application filings: US applicants v all applicants

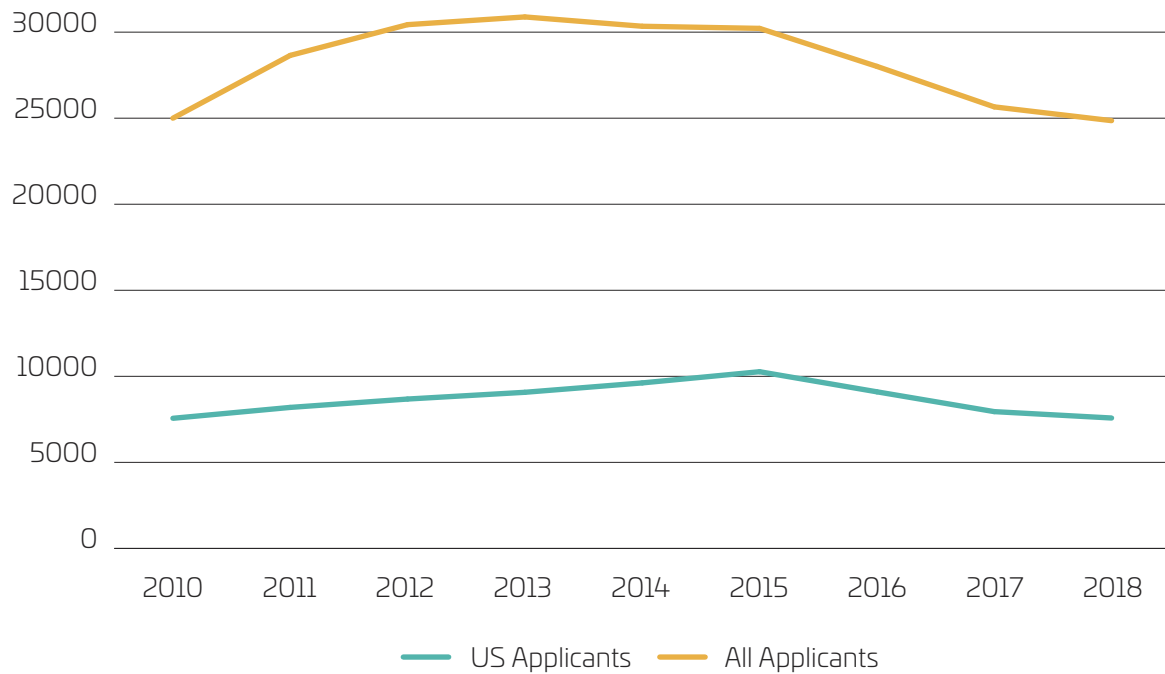
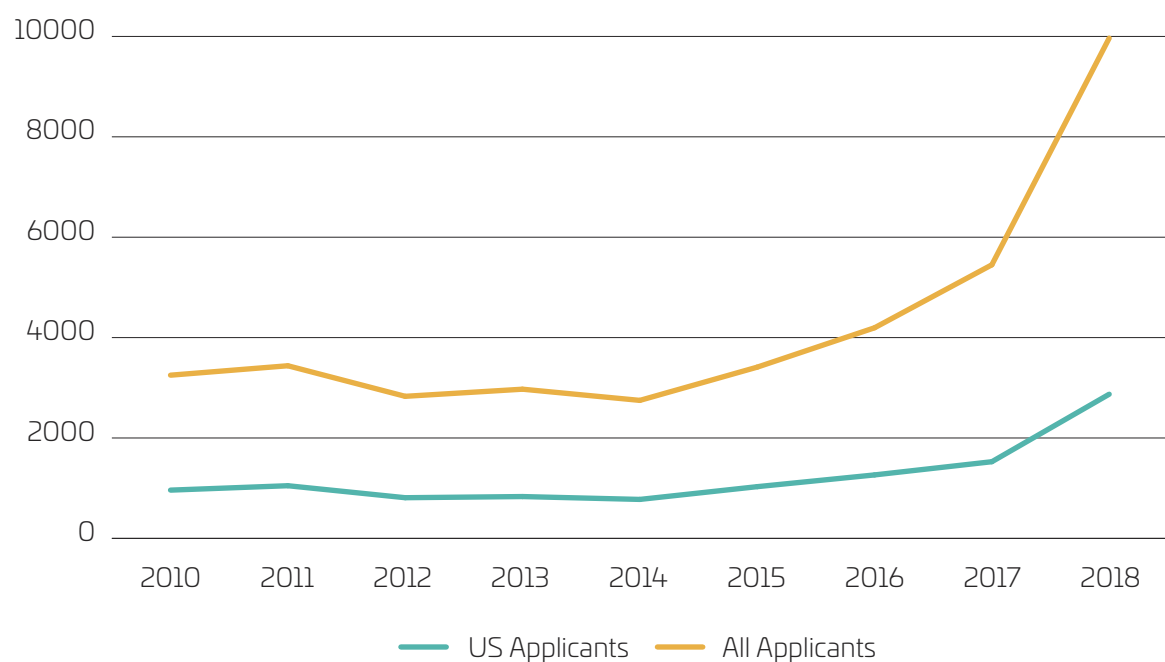


Figure 2: Patent grants: US applicants v all applicants



Although the potential number of applications that can now take advantage of the PPH in Brazil has been greatly increased by eliminating technology restrictions, other requirements continue to limit the number of applications that can participate in the programme. Currently INPI only allows one PPH request per month per applicant and a maximum of 400 requests per year. In addition, no more than 100 PPH requests are accepted for applications in the same patent classification each year. Given the backlog of applications and the number of US applicants with significant numbers of pending applications, the PPH provides helpful but limited benefits to US applicants.

Preliminary office actions

In 2018, INPI began taking additional steps to address the backlog of pending applications. It launched a pre-examination pilot programme in early 2018. Similar to the PPH, the pre-examination programme leveraged prior art searching completed by another patent office or an international or regional organisation. The pre-examination scheme applied to applications which:

- Had not yet been examined by INPI
- Were not subject to a request for priority examination
- Were not subject to any type of observations
- Had a counterpart application that had been searched by another patent office

If these requirements were met, INPI issued a pre-examination report that included a search report listing the prior art cited in the counterpart application and a request to amend the claims and/or present arguments in light of the prior art. The pre-examination proceedings were initiated by INPI and did not require any action by the applicant, which was given 60 days to respond to the pre-examination report.

During the pre-examination pilot programme, INPI issued 680 office actions. The vast majority of the responses received included claim amendments, which significantly shortened the examination process. Over 20% of the applications were dismissed because of a lack of response. After deeming the pilot programme a success, INPI formally adopted pre-examination proceedings.

Encouraged by the results of the pre-examination proceedings, INPI announced an ambitious plan to reduce the backlog of pending applications by 80% over two years. The plan included replacing pre-examination proceedings with preliminary office actions. There are many similarities between preliminary office actions and the pre-examination proceedings they replaced. An application receives a preliminary office action when the application meets all of the following:

- The application was filed by December 31 2016
- A request for examination has been filed
- The application has not yet been examined by INPI
- The application is not subject to a request for priority examination

- The application is not subject to any type of observations
- The application has a counterpart application that had been searched by another patent office

The preliminary office action requires only minimal resources to generate since it relies solely on the prior art cited by the other patent office. No additional searching or analysis is conducted by INPI.

The applicant is required to submit a response within 90 days. The deadline is not extendable and failure to respond in a timely manner results in a dismissal of the application with no right of appeal. The response may include amendments to the claims as long as the amendments do not broaden the claims or add new claim categories.

Once a response is submitted, the examiner determines if the claims are patentable in light of the art listed in the search report and Brazilian law. The examiner does not perform any further searching.

When a counterpart application has been granted, INPI expects that most applicants will respond to the preliminary office action by conforming the claims to the granted claims in the counterpart application. The effect of this is similar to what happens when a PPH request is filed. Other types of responses are possible and may be used when the examination by the other patent office did not result in a granted patent, or the applicant wants to pursue broader claims or those in a different claim category. The response may include both claim amendments and arguments to distinguish the claims from the prior art.

INPI began issuing preliminary office actions in August 2019 and there has already been a significant reduction in the backlog. According to the weekly updates provided by INPI, the backlog has decreased from 147,217 applications on September 11 2019 to 112,087 applications on April 23 2020. The decrease is based on both an increase in the number of final decisions (from 852 to 9,724) and an increase in the number dismissals for failing to respond to the preliminary office action (from 1,873 to 28,106).

Outlook

US applicants should benefit from the expansion of the PPH and the issuance of preliminary office actions. Both programmes are likely to reduce the overall application pendency at INPI and, while not guaranteed, should also result in a higher percentage of grants.



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