

Session 7 "Defining A Role for Smaller Offices"
Speakers: H. Phalén, M. Kirk, S. Dennehey, I. Heath
J. Boff, F. Triana, A. Kasper

PHALÉN	<p>Thank you. I can subscribe to what Mr. Finnilä just mentioned about the arrangement of this meeting. It's been a really good arrangement and I had great fun yesterday at the dinner, so thank you.</p> <p>I am Herman Phalén, and I'm representing a national patent office in Europe, the Swedish Patent & Registration Office. I am responsible for the patent process. I'm Process Owner, and that means that I am responsible for the handling of the patent application within the office, as well as the relations with the customers. This function was implemented in our office in the year 2000 when we reorganized it and took a lot of ideas from the philosophy of Total Quality Management Systems (TQM).</p> <p>We also implemented a system for continuous improvements of the patent process where we all took care of feedback from our customers and improved the process on their demands continuously. This Continuous Improvement System is based on Deming's Wheel—PDCA (Plan-Do-Check-Act)—which we also heard that the Japanese Patent Office takes advantage of. Our core business is search and examination, full stop. We were founded in 1884, so we have a lot of experience in this business—more than 120 years. We are also a PCT authority since the start of the PCT system in 1978, and we are acting as an international searching authority and international preliminary examination authority.</p> <p>We have approximately 160 patent examiners. On an annual basis we receive 3,000 national applications and 4,000 international applications. However, we are handling more than 4,000 due to the partnership with EPO and the Spanish Office that Colin Philpott mentioned yesterday. We also have search and advisory services covering about 1,500 cases.</p> <p>The patent system in Europe has from the beginning been based on the presence of National Offices. The National Office has, pursuant to the relevant national law, performed the patent granting procedure. This procedure consists, in general, of carrying out a novelty search of the invention and an assessment of the patentability of the invention according to the national law.</p> <p>Some countries (i.e., France, Belgium, The Netherlands, etc.) which did choose not to have searching capacity in their own authority, founded a common organisation, The International Patent Institute (IIB), for search activities which all participating authorities had access to. This Institute became later on the "search-department" of the European Patent Office (EPO).</p> <p>As time went by, it became obvious to most of the countries in Europe that the patent system would gain from avoiding duplication of work and having a more centralized system where applicants could maintain a patent in several countries in Europe by filing one single application. Such ideas were presented already in Germany during the Second World War, but did for obvious reasons not reach the final</p>
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	<p>implementation.</p> <p>However, as can be witnessed now, these ideas became reality in 1978 when the EPO started its operations. There were more benefits of creating the EPO than the just mentioned single filing system. A common regulation, the European Patent Convention, led to more harmonised patent laws in the EPC Member States. The patent business was, as at present, a very expensive business to maintain. Beside costs for a well-educated staff for the examination procedure, it was also necessary to keep a large and updated collection of patent documentation in paper files. The creation of the EPO made it possible to concentrate resources into a common patent organisation in Europe and to develop powerful IT support such as search tools, databases, electronic archives, etc., which also National Offices could gain from by setting up special bilateral and unilateral agreements between the EPO and the Member States Offices.</p> <p>With the creation of the EPO, National Offices joining the organisation experienced a dramatic loss of filings, especially with foreign priority. The amount of annual filings for the Swedish Patent and Registration Office dropped from some 13,000 applications to approximately 1,000 within a few years after joining the EPO.</p> <p>OK fine, we have now a centralised patent organisation in Europe. Is there still a need for, and if so, what is then the role for the National Patent Offices in Europe?</p> <p>Our opinion on this issue is clear: yes, there is absolutely a role for the National Patent Offices in Europe!</p> <p>Of course, the entire industry is in need of a well-functioning system for protection of IP-rights, both as to the protection as such and as to the competences and knowledge of the system. However, as to the growth in the industry in a country, this is more dependent on the presence and the development of the Small and Medium-sized Enterprises (SMEs) rather than the multinational enterprises. The latter companies are active on a global market and represented in several countries and often have IPR competences "in house," which is why this is normally not a big problem for them.</p> <p>The National Offices play a key role as to serving the SMEs with knowledge and services of the patent system. They must function as a guarantee for the national provision of IPR competences and high quality IP-rights to especially inventors and SMEs.</p> <p>In order to meet these objectives, it is necessary that the services are available to the customers in their own region and also that the customers are able to communicate in their own language. The services provided by the National Offices must also meet a certain level of quality, especially as to search and examination work. The quality level has to be comparable to the quality provided by the EPO, as the National Offices provide patent rights with the same legal</p>
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	<p>status as the EPO.</p> <p>To maintain a high performance level of the National Office, it needs to continuously work with improving its processes and maintain a certain amount of staff skilled in search and examination work. This in turn addresses the issue of having enough workload to occupy an appropriate number of patent examiners covering all technical fields.</p> <p>Another important role of the National Office, as they are working close to their customers, is to identify the different needs between the different categories of customers. This can be achieved by having regular meetings with the customers and ongoing discussions of the performance and the service level provided by the National Office in relation to the need of the customers. A continuous dialog with the customers is the base for any Total Quality Management System.</p> <p>The ongoing discussions and the establishment of the European Patent Network (EPN) in the EPO Administrative Council will aim at establishing a more effective patent process in Europe and take into account the work delivered by the NOs in Europe. The use of search reports issued by the National Offices in the EP procedure is a clear step toward a deeper cooperation between patent authorities—from which the applicants will benefit from as to costs and the quality of the services. This is not a re-nationalisation of the patent system in Europe, which has been claimed from those opposing the EPN. It's merely a step to develop the patent process by taking care of workload and harmonise practises, which we expect will result in a more effective and predictable system to the users.</p> <p>The EPN currently comprises several projects, the two major ones being the Utilisation Pilot Project (UPP) and the European Quality System (EQS).</p> <p>The purpose of the UPP is to determine to what extent the work performed by the National Offices can be utilised by the EPO in the EP procedure. In this pilot, four National Offices, the UK Intellectual Property Office, and the Patent and Trademark Offices of Germany, Austria, and Denmark provide search reports to the EPO before the regional phase. This project is expected to carry on for the rest of this year to the extent of 1,500 applications and will be evaluated next spring. A decision to prolong this project into a full scale implementation is scheduled for the June 2008 Meeting of the AC.</p> <p>The purpose of the EQS project is to develop a common quality system as to quality standards for patent offices in the EQN. The standard is based on modified PCT guidelines (Chapter 21), which have been adopted after discussions in the quality working group. The standard is also compliant to ISO which already some National Offices, including the Swedish Patent Office, have chosen as a model for their quality system.</p> <p>These two projects mark a step toward a closer cooperation between</p>
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	<p>the National Offices and the EPO and constitute essential milestones for the future way of managing the patent process in Europe. The fast growth, in especially the far-east region, will in the near future have impact on the numbers of patent applications filed with the EPO. EPO is at present not suffering from huge backlogs as the other Patent offices in the Trilateral, but this situation can be changed in the near future. Ongoing discussion as to the London Agreement, COMPAT, etc., will have a major impact on the over all costs to the applicant if implemented, thus generating more applications from countries both inside and outside Europe.</p> <p>We have a firm belief that the development of the EPN will be a milestone in European patent history.</p> <p>Thank you for your attention!</p>
KIRK	<p>Thank you very much, Herman. Our next presentation will be by Mr. Sean Dennehey, the Director of Patents of the UK Intellectual Property Office. Sean?</p>
DENNEHEY	<p>Thanks Mike. Good morning, ladies and gentlemen. You might think that Herman and I swapping the order was just to keep you on your toes this Saturday morning. Of course it was partly for that reason, but it's also because I'll be referring to one or two things that Herman has spoken about in the course my presentation.</p> <p>UK Intellectual Property Office, UK-IPO, because we love acronyms as much as anyone else, is, of course, a smaller office within Europe and also within the global framework of IP offices. So in my short presentation, I'm going to take the perspective—which is partly internal—of the smaller office, partly from the point of view of the smaller office within Europe, and partly in relation to a smaller office generally.</p> <p>I have a terrible confession to begin with: I used to be a patent examiner. It causes me to read text in a literal way and draw strange differences between different phrases, so I notice the general description of this colloquium is a comprehensive approach to quality, whereas this section is defining a role for a smaller office. For the specific description of this section and the general description of the Colloquium, you could say one is over there and one is over here, so I'm going to try and bring in one or two concepts which I think are relevant to both. If you think that's a shameless attempt to talk about something different from the scope of the conference, then, by the end of my presentation, I'll hope to have persuaded you that actually it was all relevant.</p> <p>I put a subtitle in here—Fit for Purpose—because I think one of the underlying themes that I want to leave you with is the idea that there is no God-given right for a smaller office to exist, nor indeed are we saying a God-given right for a large one to exist, but you can consider that one. Patent offices only exist to the extent they are serving the</p>

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purpose of their customers and their stakeholders. So what's the purpose of the UK-IPO? Well, this slide gives an indication of what we think our purpose is. I don't want you to read all the bullets, but I ask you to look at the first one—it's working to create the conditions for business success and help the UK respond to the challenge of globalization. I make no apology for the fact that it talks about the UK because in all the intellectual property systems around the globe, essentially they are there to further the economic interests of the individual state. So the purpose of the UK-IPO is an economic one principally—it's not a legal one—and goes back to my initial comments that there is no God-given right for us to be there. This is the purpose we're serving; if we're not serving it effectively, then we're doing something wrong.

I'd just like to say a little bit about the context of the smaller office in Europe. *Coates v. Glaxo* was a case that was heard in the patent office tribunal. In the UK-IPO, we not only grant rights, we provide, as many offices do, a first-instance tribunal on various forms of dispute, and we do a number of other things, which I'll come to in a minute. *Coates v. Glaxo*, was a pharmaceutical case about employee rights; the total value of the case was about 4 billion pounds. And *Statoil* was another case which was heard in the tribunal first-instance jurisdiction of the UK-IPO; it was about ownership or entitlement—one billion pounds. Both of these cases were in relation to patents granted by the UK-IPO and UK national application. I say that because there is an assumption around here at some times that actually smaller offices only deal in Europe with smaller matters. Economically, these are both big matters.

I'm going to talk about three different levels of the way smaller offices work by referencing the UK-IPO. The first is about internal connections, and there are three sorts of connections. The first is internally, and the thesis that I put to you here is that smaller offices can have, do have, shorter internal feedback loops. I've got about 230 patent examiners who are examining. I couldn't honestly say to you I know the first names of every one of them, but they all know me. I go around and see them regularly, I discuss issues with them. That is a lot easier for someone like me in a smaller IP office than it is in a larger one. The consequence of that, apart from everyone being very friendly and jolly of course, is that it's easier to achieve quality and consistency in an office of my size than it is in the larger office.

Those of you who use us can either sit there and think, well, I know he's wrong because I've seen some of the cases his examiners produce; or you might sit there thinking, well, I think he's probably right. We'll see. The smaller office is what I feel enables us to deliver higher quality, or more consistent quality, in the work we do—and that's in high-tech areas as well as low-tech ones. Particularly I have in mind biotechnology, for example. We have very many fewer biotech examiners than EPO does, but they talk to one another a lot. The idea of being able to develop consistent practice in areas where technology is really moving very quickly, or where there are sensitive

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	<p>issues to be addressed, I would say is a benefit in smaller offices provided that they have a sufficient technical density or size.</p> <p>The other thing that the internal connections enable us to do is to try things. It's easier for us to get together and say, well, let's try something and see if it'll work. Let me just mention very briefly, four things that we've tried.</p> <p>Post-grant opinions service. We have a post-grant opinions service. This is a non-binding service on granted patents. We will give an opinion on whether a patent is valid in light of the new prior art, or whether in our opinion it's being infringed. The idea of this is to try and assist parties to avoid expensive litigation. The opinions are not binding. In the course of consultation, we do face a certain amount of doubt as to whether this was worth doing, but we say, you know, if we don't try something different, we'll never know if it works or not. That's relatively easy for us to do.</p> <p>Mediation. We launched a mediation service. I might upset one or two of you here if I say that the patent profession is very conservative. You may not think I'm wrong, but I may upset you. We haven't had a lot of take up with this yet because I know very well that litigation, which is the other side of this, can be a very dangerous occupation, but mediation is something that is inexpensive and effective.</p> <p>Web-based filing. We have a web-based filing service. I know none of these things, except maybe the opinion service—I know mediation and web-based filings aren't by any means anything you need to ask—I'm not suggesting that. But we can try them quite easily.</p> <p>ISO accreditation. The final thing I mention is our ISO accreditation. Very many offices around the world now have published quality schemes. A number have ISO accreditation, but I think I'm right in saying that the ones that achieved ISO accreditation first were the smaller ones because it's easier to move things around and try new things.</p> <p>Connecting with customers—my second connection. I make a sweeping generalization in my first bullet, and I'm conscious that sharing the platform with the Director General of the IP Australia Office—which is a big country with a smaller patent office or he wouldn't be on the platform with me—well, perhaps undermines this proposition, but, nonetheless, big offices tend to go with big populations, big geographical areas or regional agreements, and that means that smaller patent offices can have an advantage, as my colleague Herman said earlier, of local knowledge, local access, local language, at least within Europe.</p> <p>It also means that we have a really key role to play in outreach—awareness and education—because if we don't try and do something about the younger elements of our populations, then our successors are going to be having exactly the same discussion in 15 or 20 years'</p>
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time. This might be slightly off the message, but the reason I mention it is that, if we're trying to build a quality IP system, we've got to have better awareness and understanding out there. Otherwise the disconnect between what we talk about and what they talk about in relation to innovation, will continue to be as wide as it is.

Of four worthy reports published in the UK, the worthiest I would suggest is the Gowers Review of Intellectual Property, which was published last December. If you're not familiar with it, then I very much encourage you to look at it because it has some very interesting things to say about intellectual property systems. You might wonder why the UK is worrying—surely we must have wonderfully high levels of awareness by being UK. Oh, if only it were the case. Eight percent of UK firms assign responsibility for managing IPRs—from a relatively small survey we did recently—and 57 percent are cases in large companies. That means 43 percent of large companies in the UK don't have any particular IP responsibility assigned, which is an absolutely *[inaudible]* situation. So to suggest that any country's patent office or patent system can't do more to raise awareness to build in a quality appreciation of innovation must be wrong.

Two things I'll say to you in relation to what we're doing in our Secondary Schools, which is 14–16-year-olds. We've produced a "Think Kit" packet. It's full of really cool stuff—at least that's what I tell my daughter, but she's not 14 yet so she'll grow into it. It has case studies based on real-life things that appeal to children—football boots, pop stars, all these *[inaudible]*. 82 percent of our Secondary Schools are now using this packet.

At this point I'll pause and ask you a question. Who's the coolest British inventor around? Sorry. Wallace, as in Wallace & Gromit is the coolest inventor around at the moment and there he is. We are using a campaign with Wallace, the coolest British inventor, and although I know this is an international audience, Wallace & Gromit are reasonably famous, and we have a campaign involving Wallace & Gromit.

We are the good guys—you probably can't read this, but at the bottom right, the UK-IPO is the good guys and what we're trying to do is raise competition for schools, primary schools in the UK, because this is the stuff they catch onto. If they get in their mind that Wallace is not just a bit of a twit, but actually a great inventor and there's a lot to be learned here, they will do it. This is a role for a smaller office.

Okay, the third connection, bearing in mind I've probably got about two minutes now—connections with other offices globally. I wanted to discuss patent law harmonization, but I knew you'd all start booing and hissing if I did. So harmonization of rules; organizational and governance models—how patent offices run. We have a different way of being established from many. Connecting to other patent offices, talking to them about how they organize themselves. Benchmarking the quality of what we do—the search and examination work, the sorts

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	<p>of things that Mike Jewess was talking about, but on a larger scale with a slightly more representative sample than six. You know, something of that sort we can do more.</p> <p>And training and development—one of the key resources in the patent system is the patent professional—yourselves—but also our patent examiners. If we can train them better and resource them better, then the quality of the system should be improved.</p> <p>Connecting with other offices in Europe—a number of things here which Herman spoke about. The thought I want to leave you with is that, if we've got one patent office—European Patent Office and 32 currently other members and more coming in—if we're going to form an effective European Patent Network and not stumble over ourselves.</p> <p>Okay, what's this? You're an educated audience; you universally will rise up and tell me what this is. Well, maybe you won't. Given the time, I'll tell you what it is—it's a synergy ball. It's a piece of engineering a bit like a geodesic dome where you can make it from various different things—cardboard, this one's made from holographic material—and it's a combination of tension and compression elements and if you don't build it properly, either it will explode or it will implode, depending on the balance between compression and tension.</p> <p>Why have I told you that? Because in a way this is a model of Europe. You can see the red ball in the middle—you can represent that as the European Patent Office, the essential patent-granting office which it is and it should be. Around it are a number of smaller European Patent Offices held together in perfect balance—or maybe this is the global model with a whole network of patent offices held together in balance—and what I would suggest to you, ladies and gentlemen, is that, if we don't have that balance right, then given the backlogs and delays that there are at the moment within the individual offices, it will either explode or it will implode.</p> <p>And I'd like to leave you with the thought that in Kim Finnilä's presentation, which was earlier, he called for commitment for all parties. I'd like to suggest that that is the absolutely right message—if not, we're going to see our synergy ball not deliver synergy, but explode.</p> <p>Thank you very much.</p>
KIRK	Thank you very much, Sean. The third and final speaker on this panel is Ian Heath. He is the Director General of IP Australia.
HEATH	Thanks Mike. Good morning everybody. It gives me a great deal of pleasure to be here and to address you this morning. What I'd like to talk about, if I may, is the role of a smaller office in relation to the issue that the colloquium has been about—in particular, quality.

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But first of all I do need to introduce IP Australia to some of you who may not be familiar with us. We're basically the national Australian Office responsible for patent, trade mark, design, and plant breeder's rights. In global terms, we're a small office—we'll accept that label quite happily—with about 920 staff and some 262 patent examiners. We are an international search and examination authority, and our work mix includes therefore Australian national and PCT work. We're also an ISA/IPEA for a number of developing countries, and we undertake national examination work for countries in our region under bilateral arrangements. And as has already been mentioned, more recently we've started to do a little bit of PCT search work under contract to the USPTO.

Within the Australian government structure, IP Australia sits within the portfolio of industry, tourism, and resources. Registered IP rights in Australia are, therefore, not regarded just as an end in themselves, but rather as part of our trade innovation and industry policy framework. This positioning I think reflects the Australian government's recognition of the importance of strong IP protection for internationally competitive industry, access to technology and innovation, etc. It also means, in terms of IP Australia's role in the government, that we have developed we believe a relatively strong customer focus and a policy development role to reflect that broader view of IP.

Our strong customer focus I think is reflected with our work with industry and user groups and our particular focus on trying to make our systems accessible and as flexible as we can for our customers' needs. I would like to make a side point in relation to that—namely customer focus doesn't translate in my view to customer centric.

Australia's IP system—in the way that all IP systems should—tries to carefully balance the needs of the applicants and users of the systems along with in particular the public interest, and that balance is very important to us. Our policy development role is not necessarily a consequence of the size of IP Australia, but rather a consequence of our position in the Australian system.

Let me turn now to the issue of quality in smaller offices. I'm not proposing to present in detail the quality management system that we have in IP Australia. Suffice it to say that we have ISO9001 accreditation for all of our search and examination work and that provides us we believe with the basic underlying discipline of trying to do a quality job. It also provides us with external auditing of the way we go about that our work.

So how do we see patent quality? One way of looking at it is to think about it having two distinct sides—the two sides I've put up here and labeled—one inherent quality and the other applied quality. Together they underpin overall quality of the organization. Inherent quality in a patent system includes elements such as rules about patentability, standards, etc., legal remedies, enforcement. Applied quality includes

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	<p>product quality, which is determined by the extent of compliance of the process that's developed the product with the patentability standards, and procedural quality, which is things like efficiency, cost effectiveness, accessibility.</p> <p>Within the global environment, offices such as IP Australia I believe can contribute to each of these things in a number of ways. In terms of inherent quality, IP Australia is firmly of the view that inherent quality of the global patent system is best served by harmonization of patentability standards. This doesn't mean that we advocate that exactly the same technologies should be patentable in all jurisdictions; we do believe that there should be room for exclusions for domestic reasons. But we do believe the same standards should apply in relation to the basic requirements for novelty, inventive step, and industrial applicability.</p> <p>Harmonization we believe is a logical conclusion in an increasingly global economy. Australia, of course, is a net importer of technology, and our IP system recognizes that access to technology and encouragement of local innovation that can compete in the international marketplace requires an international standard IP system. As a small office in a small economy, we, of course, can't drive the inherent quality of the global patent system. So, instead we seek to influence it through active participation in international forums such as the WIPO processes and Group B and through bilateral discussions and relationships, which we work hard at developing.</p> <p>The effectiveness of our contribution is derived from firstly, we believe, our long experience as a national examining authority, an international search and examination authority, and through the work we do on a bilateral basis with various partners. By doing a good job we believe we can get some influence. Secondly and probably more significantly, from our ability to take what we would call a best practice position and trying to convey that through an honest broker role in the various debates and discussions. We believe that our small—that is talk for “non-threatening” size in this case is an advantage. The sentiment that "when the big players agree we all should worry" is probably quite real in many quarters and therefore we like to think that being a small player with a non-threatening stance, when we agree some of the fear dissipates.</p> <p>In relation to product quality, concerns about product quality tend to be more so in relation to the quality of patent products rather than with the procedures. In fact, in Australia, patent applicants clearly have a preference for long pendency times, which of course are not necessarily in public interest.</p> <p>Quality of searches and searching is an important issue for users of the patent system and the public and from our small office perspective as well. There are two dimensions to this which I'd like to touch on: firstly, tools and databases; and secondly, the competence of the examiners.</p>
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At present there is little collaboration between offices in terms of developing and maintaining shared databases and search tools. These are things that provide users of the patent system and examiners with an accessible and comprehensive compendium of patent information. As a result many offices we believe commit considerable resources to developing their own databases and their own search tools. Each office's databases and tools share some degree of overlap with other offices and each continues to consume resources if they are to be kept up to date. This is not a particularly sensible use of resources from a small office's perspective, and it is one of the areas of collaboration between offices which we think needs more attention. How much better would things be for all offices if we were all using similar databases and similar tools and were able to achieve similar outcomes? This is a topic I'll come back to in a moment.

The human dimension of search quality in patent examination is very important and training and developing examiners therefore is an important part of what we do. As a small office we have also sought to supplement our in-house training and, in part, validate the quality of our search competency through benchmarking search exercises with other like-minded offices. And I'll make the same point as Sean made in relation to Mark's presentation earlier—we believe that our rigorous benchmarking has shown us that differences are clearly there, and I'm not standing here to say that you should ignore them, but the results show that similar tools in similar databases would indeed probably improve our position.

Cross constraints under which small offices have to operate tend to spur small offices to develop innovative and cost-effective ways of achieving product quality with limited resources. One of the things I'd just like to mention about our quality system is the way we go about setting up searches. We have three-person search teams which set up the search strategy at the beginning of the search process. Two or three examiners get together with a range of cases to make sure that they agree on the nature of the search strategy before the individual examiner goes off and does the search work. This builds quality into the search at the front end rather than trying to do a quality assurance at the back end, after the search is already done. It provides broader and more comprehensive technical input, and we believe it provides a more efficient way of expanding on-the-job training. And where a small office with a limited number of examiners must span a wide range of technologies, it also helps compensate for the lack of specialist skills and specific technologies. As a small office we also highly recommend benchmarking to increase knowledge sharing and product quality across the community of patent offices.

In relation to product quality, I'd also like to touch on the issue of generalists and specialists. This issue of generalists versus specialists is both a challenge and I'd like to suggest an advantage. In smaller offices less examiners generally equates to less technical

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depth in any particular area. Although this can mean the examiners may have difficulty grasping the full complexities of some technologies, it is also offset by examiners being more flexible and more accustomed to working across a range of technologies. This produces advantages in terms of routine collaboration between examiners working with different technologies and, thus, greater consistency in the way that patentability standards are applied across technologies; existing experienced examiners being sufficiently flexible to take on new technologies and develop the skills and understanding necessary to examine them; and finally a broader focus and capacity to deal with inventions that relate to combined technologies—for example nanotechnology, where both biotechnology and chemistry are married with engineering and computing.

In terms of process efficiency, one of the areas where I believe small offices may have the greatest potential is in relation to process efficiency. As Sean has already mentioned, this is where the agility of small offices and their ability to develop innovative, cost-effective ways of achieving product quality with limited resources comes to the fore. IP Australia has a strong focus on efficient examination processes that reduce re-work and deal with important or validity affecting issues.

An example of this is the use of other offices' reports during examination, thereby reducing re-work. IP Australia's examiners consider search and examination reports on family members and if appropriate under Australia law apply those findings. This has presented some challenges in terms of customer acceptance, but we believe we will continue to refine this process and ultimately, as other offices follow suit, acceptance will increase. This re-work reducing methodology provides significant efficiencies we believe without compromising quality. This approach is also consistent with more recent initiatives undertaken by other offices such as the Patent Prosecution Highway. We have recently been floating domestically a discussion paper on what we're calling the future ideal patent system. Under that approach we will be further utilizing the use of work from other offices.

Another initiative is that of only reporting on validity affecting issues during examination. For some time we have not raised minor clarity objections or objections relating to matters of form in our reports, on the basis that these issues do not effect the validity of the granted patent.

So in conclusion, in the context of the patent system quality, many of the issues facing small and large offices are the same, but the severity of impact and response is different. From IP Australia's small office perspective, we recognize that our size and market pull is too small for us to be drivers of change; instead we try to influence change. We have found that collaboration with the larger offices is beneficial and can lead to advantages for both parties. Often, too, it is

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	<p>a matter of two heads are better than one; two offices, each with their own unique perspective, we believe arrive at a more creative and efficient solution.</p> <p>Being small doesn't mean you have to be voiceless. Thank you.</p>
KIRK	<p>We have time for a few questions from the audience. Yes, this gentleman—please identify yourself?</p>
BOFF	<p>Jim Boff. I'd like to address this question to Sean. He characterized patent attorneys as being conservative. Well, yes, we do resist innovation because we've seen so much innovation fail for our clients, but I'd like to characterize patent attorneys as being risk-adverse. Smaller patent offices are being conservative and the larger patent offices are being positively reactionary because with the big offices, you've got big inertia and they commented on agility questions.</p> <p>To my mind, another good discussion is what are the issues a patent office should determine? What is really the core of the patent? Can you understand what the applicant is claiming? Is it patentable, and has the applicant provided enough to justify the breadth of claim? All the rest is rules. Now, some of those rules may be for grand matters like litigation, but the vast majority of the rules are more for the convenience of patent offices. Some of the discussion we've had earlier in this Colloquium has been characterized as "Yes, we are all in favor of harmonization—so long as we don't have to change."</p> <p>Now, it seems to me that all the actors in the patent field have to take the risk, and we as attorneys have to take the risk because if there is harmonization and there are changes, some of the consequences of that may be unpredictable; we may understand what's going through the patent offices but the judges may take a different view. And so I'd like to ask how much of a risk can you take? How much quality systems can we provide to control that risk, and is this not going to require a very big committed effort, not just in the patent offices but in the national legislatures, to try and remove some of the more formalistic requirements that make a uniform interpretation impossible at present?</p>
DENNEHEY	<p>I'm not quite sure how many questions there were in there—probably more than I've got time to answer. Can I pick up just a couple of things—well, maybe two or three things?</p> <p>First of all, I'd like to dispel any impressions that in my presentation I was suggesting that smaller patent offices are better than larger ones. I was not. They're different. Large patent offices have certain strengths and difficulties; the smaller patent offices have different strengths and difficulties, so that was the first point. Secondly, I do very much take your point that we can't expect everyone else to change around us, and "us" in that context can be a particular patent office and its procedures, a particular patent attorney's procedures</p>

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	<p>because I do have discussions with attorneys who say, well, I know you want to introduce this procedure in the UK-IPO but it doesn't fit our systems. Not with you, Jim, but with others. And also at the international level in relation to patent harmonization, there is undoubtedly a perhaps understandable position that, again, governments seek to harmonize around what they currently do because that partly is the difficulty in obtaining change within national laws.</p> <p>So there is a need to develop, I would suggest, a prudent approach to risk here. Clearly I would not expect attorneys or their clients to take risk in relation to litigation or patents, but equally. If we're trying, as the UK wishes, to take a lot of the rules and procedures out, or at least to simplify them as much as possible, that does mean we're going to have to sacrifice some of the sacred cows that we all take as a threat. And I know that in earlier parts of the proceedings of this Colloquium, speakers this morning and yesterday were saying, well, it would be great. One speaker this morning was talking about format from the point of view of the applicant and industry trilateral discussions. We could come up with a common format, but, of course, the U.S. has got this and the Japanese have got this, and Europe has got this, and you're immediately back to a non-common format. We have to get over that.</p>
KIRK	Yes, in the back?
TRIANA	<p>Yes, for Sean also. Fernando Triana, Vice President of ASIPI. I was kind of interested in one of your slides where you said that the UK Patent Office invites customers to request expert opinions. You also commented that those were not binding. My first question is: Are those for free—do you charge for those? And it seems to me that those are, or might be, key evidence in court proceedings regarding infringement of patents, and I would like you to comment on this.</p> <p>Now the other question is regarding your mediation services—ASIPI is a big advocate of the ADR proceedings and the mediation proceedings—the UK office has a panel of mediators, or are they employees of the UK, and is it pro bono work, is it for free, is it chargeable—that work? Thank you?</p>
DENNEHEY	<p>Thanks very much for your question. Bearing in mind the time and perhaps, since you've asked some detailed questions about the mediation service, we could talk about that separately after the session because I think that's an area that's of considerable interest and I'd be happy to go into detail on that with you.</p> <p>In relation to opinions, this is a relatively new service; it's only been running something like 18 months. We didn't have many requests to start with; and we've now issued about the high 30s. It's a service. It doesn't involve hearings because as soon as you get into hearings and witnesses, you're no different from litigation really, so this is</p>

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	<p>cheap and cheerful. Yes, we charge a fee but it's only about 200 pounds—well, what's that compared to the cost at least of a court action in the UK. We think they're influential. We have been told by users that they are high quality opinions, but they are not binding, specifically because if you made them binding, they'd have to be appealable and we'd be back into the full kind of evidence and so forth.</p> <p>The service isn't long enough in place, but I dream of the day where we issue an opinion on infringement or validity and the case ends up in the court—perhaps even the Court of Appeals in the UK, but in the high court—and one of our judges turns to the party and says you had an opinion from the UK Office and you ignored it and you've lost and your damages are going to reflect that. I dream of that day because at that point we will have the underlying judicial credibility that actually we're getting anecdotally from people who read the opinions, and when I get that every presentation I give I will tell about that.</p>
KIRK	Thank you. One last question. Alan Kasper?
KASPER	Okay, thank you very much, Mike. For Ian and perhaps for both. From the perspective of the small office with respect to work sharing, do you favor the small office being identified as having expertise in a particular technology and then being assigned the role of searching the most particular technologies, and from your perspective what problems do you see in such identification?
HEATH	<p>We've had some internal discussions about that issue. At this stage, we have avoided saying we only want to work in certain technologies. The issues we've thought about in relation to that are that, first of all, we can see some benefits in developing greater expertise in a particular technology. I guess for the overall global system, concentration of technologies in particular offices might make better use of the scarce resources, which are indeed patent examiners. This is the logic of trying to go down the path of specialization. We couldn't see domestically how we could justify doing that at this stage of the transition to whatever the future is.</p> <p>We are a national patent office examining in all technologies, so we would have to maintain our skills-base across all technologies anyway. So at this stage we haven't looked at trying to specialize in any particular technology. But I can envision that certainly some countries—less clear in Australia actually—but some countries may very clearly be out to specialize because the local industry has such a strong bent in a particular field that you'd expect the patent office to have more expertise in that area to reflect that. In Australia, we have a pretty broad church in relation to technologies; I think we do everything and we're not known worldwide for specializing in any specific technology area.</p>
KIRK	Thank you.

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DENNEHEY	<p>Yes, if I could just make a brief comment. Our position is the same as Ian's—we haven't given a lot of detailed consideration to the idea, although we are aware of the idea and we're happy to discuss it with others. It seems to us that we've got quite a long way to go yet to explore the potential of arrangements that are already on the table—UK-IPO has reached agreement with the Japan Patent Office in relation to a Patent Prosecution Highway; we'll soon be in the same position in relation to the USPTO. These are initiatives which we hope will be able to take some of the duplication out of the system and make better use of examiner resources. The idea that you've mentioned is another that would do the same, but I think there's value in trying to continue and develop what we have now and then move into the area that you mentioned.</p> <p>The key point though, it seems to us, is that the quality of what is delivered, however the global system works, has got to be sufficiently high to meet your requirements. So, in consideration of any proposal around a sense of excellence, you know, office excellence, the excellence, Center for Excellence for Biotechnologies, for example, we would need to be clear that it delivered the quality of the work that was needed and was applicable in all the jurisdictions around the patents for those technologies.</p>
KIRK	<p>Thank you very much. Let us show our appreciation for the comments of our panelists this morning, and if we could resume at five minutes past the hour, please.</p> <p>Thank you very much.</p>