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Views of patent agents and PCT clients on CIPO becoming an ISA/IPEA, 2001

Final Report

Prepared for

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EXECUTIVE SUMMARY

This study is a contribution to the debate around the advantages and hurdles of the Canadian Intellectual Property Office (CIPO) becoming an international search authority (ISA) and an international preliminary examination authority (IPEA) under the Patent Cooperation Treaty (PCT).

The report reflects the points of view of a small but significant subset of CIPO's clients and partners. Twenty-four among the finest Canadian intellectual property professionals were consulted directly to identify the significance for their clients and themselves of the eventual implementation of the project and to document their position on its relevance and its feasibility. Telephone interviews were carried out between July 19, 2001 and September 13, 2001. The agents consulted worked in firms which have filed 66% of PCT applications in the recent past. In addition, some interviews were carried out with IP professionals working inside companies who registered claims using the PCT process.

Four issues were addressed in this consultation:

- the strengths of the current PCT process;
- the advantages and disadvantages of CIPO becoming an ISA/IPEA;
- the assessment of the key aspects of project design laid out by CIPO;
- the importance for Canada to obtain more voice on the international scene.

Overall, three relatively equal-size groups emerged.

The first group ***favoured the ISA/IPEA project as a way to reposition Canada in upcoming international discussions.*** By their own account, representatives from this group were more aware of proposals for PCT reform and have paid more attention to recent debates on related issues. Their position was largely defensive: they considered that without a change

of status, CIPO will rapidly become marginalised, along with other strictly national offices, as international offices acquire a more and more prominent status in the quest for a simplified patenting system.

The second group was **generally receptive to the ISA/IPEA project as a way to improve CIPO's ability to face its national challenges**. They thought that CIPO would better serve Canadian small and medium size businesses and individual inventors if it had improved tools and if it was in a position to perform international searches with a Canadian flavour. They considered that an improvement in CIPO's status would generate side benefits for (national and international) patent applicants.

The third group was **against the project** altogether. They did not attach value to Canada's acquisition of more international profile or they were sceptical about the possibility of such a gain in clout to take place. They had lukewarm feelings concerning CIPO's current performance — some were highly critical — and they concluded that CIPO should focus on its national work before considering any extension into the international territory. They envisioned that the effort and investments required to deliver quality international searches and examinations largely exceeded CIPO's existing resources and the resources that the government of Canada may be willing to tag on this objective.

Much of the key informant reactions to the proposed project were driven by the value they associate with the PCT application process. Key informants were adamant that **the main advantage they get from the current PCT process is the quality search performed by the EPO**. This search critically reduces uncertainty in business decisions concerning the next steps in the protection strategy. The majority of key informants was not willing to put this aspect of the process in jeopardy for possible but uncertain benefits down the road.

Chapter 1

INTRODUCTION

In 1997, the Canadian Intellectual Property Office (CIPO) was considering the feasibility of becoming an international search authority (ISA) and an international preliminary examination authority (IPEA), moving beyond its role of receiving office under the Patent Cooperation Treaty (PCT). The assessment of this project was then based on the evolution of the demand for PCT requests, the size of the Canadian market for PCT requests, the factors which influence clients in choosing the PCT route, the price elasticity of PCT demand as well as the subjective views of clients and agents. After careful analysis, CIPO officials concluded that the conditions were not lined up for the successful implementation of this project.

Several environmental factors have evolved significantly over the past four years: pressures have been increasing to reduce duplication of work in the application for patents in multiple jurisdictions; PCT authorities' workloads have put some national patent offices under severe stress on their own national turf; advances in information technology have permitted more ready access to worldwide prior art; the implementation of the Patent Law Treaty has been initiated; work has been on-going toward the harmonization of procedures and, to some extent, toward substantive harmonization.

Trends for the near future include the simplification of the PCT process, the regionalisation of search and examination authorities as well as additional work on substantive harmonization.

In this context of considerable change and with a view to improve its services to Canadian applicants and inventors, CIPO wanted to examine once again the feasibility of becoming an ISA/IPEA, weighing in the most recent evolution of the situation.

Assignment

This study contributes to the debate around the advantages and hurdles of CIPO becoming an ISA/IPEA by reflecting the points of view of a small but significant subset of CIPO's clients and partners. More than 20 among the finest Canadian intellectual property professionals were consulted to identify the significance for their clients and themselves of the eventual implementation of the project and to document their position on its relevance and its feasibility.

Structure of the report

The study approach is presented in Chapter 2. Positions adopted by the patent agents who were consulted are presented in Chapter 3. Chapter 4 concludes with a synthesis of the agents' views on the project. Appendix A reproduces the interview guide.

Chapter 2

APPROACH

This report presents the results of a consultation among a small but significant group of Canadian intellectual property professionals. The report does not purport to offer a statistically valid picture of the positions of patent agents in Canada; it does claim to present an in-depth view of the nature of the reactions provoked by the project among an influential group of professionals.

The interviews were conducted over the telephone between July 19, 2001 and September 13, 2001. The discussion was guided by the list of questions presented in Appendix A although some questions may not have been asked of some people (depending on the context) and some additional questions may have been raised with some informants (again, according to the flow of the discussion). Interviews lasted between 30 and 60 minutes.

The original list of key informants was developed by CIPO officials with a view to providing a wide array of types of IP professionals and a balanced set of perspectives. Twenty-four interviews took place; additionally, one person declined to participate and eight could not be reached. Some interviews involved more than one individual and, in several cases, the people interviewed indicated that they had consulted several partners in

preparation for the consultation. All in all, the agents consulted worked in firms which have filed 66% of PCT applications in the recent past. In addition, some interviews were carried out with IP professionals working inside companies who registered claims using the PCT process.

While this report makes no claim to statistical significance, it reflects the collective wisdom of significant players on the Canadian intellectual property scene. Results are intentionally reported in a qualitative fashion, without the use of qualifiers which could be interpreted in a quantitative fashion.

Chapter 3

VIEWS

Four basic issues were addressed in this consultation:

- what are the strengths of the PCT process — those aspects of the process which need to be preserved — and what are the areas which need improvements?
- what are the advantages and disadvantages of CIPO becoming an ISA/IPEA?
- are any of the aspects of the project design laid out by CIPO (cost, sole route, effect on national work) crucial non-starters?
- how important is it for Canada to obtain more voice on the international scene and is this project the right way to achieve this goal?

The following sections reflect key informants perspectives on each of these issues.

3.1 ***Strengths and weaknesses of the PCT process***

Strengths of the PCT process were investigated to identify the dimensions of the process which clients would not want to see compromised.

Weaknesses were discussed to list areas where change could be targeted in order to facilitate the transition toward CIPO acting as ISA/IPEA. For both strengths and weaknesses, key informants offered perspectives relative to the **design** of the PCT process — i.e., aspects of the process which would exist whichever authority was in place — and to the **delivery** of the PCT process — i.e., aspects of the process which may be influenced by the international authority.

a. ***Process design strengths***

- The PCT provides an **easy and fast** option to get protection in many countries. Protection can be obtained in dozens of countries within a day.
- It **defers large investments** until after information becomes available on prior art and patentability. Original filing in various countries used to represent a significant expenditure (\$10,000 per country and \$50,000 overall were cited). The PCT process offers a similar amount of information regarding patentability while deferring some costs (including national application fees, translation costs and national representation cost) to after the international search. The PCT process was labelled as "cash-flow friendly". It also eliminates national filing costs when prior art is found.
- The delays built into the PCT process provide **additional time** to assess the commercial value of the innovation without making the claim public and without incurring heavy costs.
- Conversely, the fixed PCT process schedule ensures that the international patent office will deliver a search and an examination within **pre-determined deadlines**. According to some informants,

lengthening delays at the national phases can be circumvented to some degree through the PCT.

b. Process delivery strengths

- The **quality of the searches** conducted by the EPO was praised. Very few informants had negative views on that point. Some considered that the EPO produces the best searches worldwide. One informant stated that, with EPO PCT results and American national results, a client is well equipped for decision-making.
- While not as unanimously appreciated as the quality of searches, the **quality of EPO preliminary examinations** was also rated high. One informant appreciated the fact that EPO examinations are conducted in a legislative framework which is close to that of Canada, therefore reaching conclusions which are good predictors of the faith of an application in Canada.
- Where informants compared with the USPTO, the EPO came out ahead in all cases but one. Some considered that the EPO is much better than the USPTO where, according to them, procedural errors are made and where timeliness is not respected.
- After a successful EPO IPEA, **progress** is relatively straightforward **through the Europe regional phase** — some said the regional phase becomes "rubber stamping". Often, the same examiner will handle the regional application.
- The **cost** of a PCT application was considered "fine" for corporations and "bearable" for individuals. Overall, the cost was seen as reasonable — even as a non-issue by some who stated that, if an entrepreneur cannot afford the PCT application, he or she will not be able to carry on with national filings. Differing opinions are presented as weaknesses later.
- **Savings upon European regional entry** were noted as a positive feature by some informants — but they do not stack up as a major issue.

- A small number of informant rated positively the ability to file applications with the EPO in French or in English.

c. Process design weaknesses

- Some informants were displeased with the fact that the preliminary examination report is **not binding** on national authorities.
- A few informants criticised the **amount of paperwork** generated by a PCT application.

d. Process delivery weaknesses

- Recently, there have been hiccups in the **timely delivery of search reports** and clients have had to make decisions on moving ahead with the process without the benefit of the results of the international search. Most informants attribute this situation to work pressure under which the EPO is placed. This situation is considered unacceptable since the main use of the PCT process is informing business decisions in a timely fashion.
- A few dissenting voices indicated that the **rigour** of EPO searches was **falling** and that, because of excessive stress on the EPO, early examination reports tend to focus on formalities rather than substantive issues.
- The USPTO and the EPO do not use the same style and format requirements for PCT applications.
- European national office pay attention to the EPO PCT work, but, according to informants, the American and Japanese offices don't appear to. One agent noted that US examiners seem to disagree with EPO reports almost as a matter of principle. Another agent signalled that, in fact, these offices reach the same conclusions in the vast majority of cases; in his view, they should therefore defer more easily to one another. Some informants interpret this situation as **rivalry**

between offices; they appreciate the attitude of CIPO which respects the PCT search and examination reports.

- One informant suggested that Canadian agents should be allowed to act as intermediaries for PCT applications from non-Canadian inventors.
- A few informants indicated that small Canadian inventors **cannot afford** the PCT in addition to national application fees. Since these applicants will file in only a few countries, these informants advise their clients to focus on national applications; otherwise, clients end up putting all of their eggs in the PCT basket.

e. Reform and harmonization efforts

- Very few informants were in a position to comment on the specifics of the American proposals for the reform of the PCT. For those who could, the first phase appeared rather straightforward but the second phase was considered unrealistic — even the US would have difficulty with mutual recognition.
- The Holy Grail of the world search was raised by some informants. They considered that, with easy access to international data bases, only the lack of political will explains why international searches cannot cover intellectual property worldwide. Note that some other informants did not favour the idea of a world patent system, so as to preserve national sovereignty.
- **Procedural harmonization** is generally seen **favourably** — although some reserve their judgment until after they see which system is used as the benchmark for harmonization. It is considered a valuable attempt at simplifying the process and easing the work. Most informants noted that recent trends have been toward the standardization of some procedures and that Canada's position is fairly close to what might be considered the current international standards.
- Translation requirements were qualified as normal albeit costly by those who raised the issue.

- **Substantive harmonization** is perceived by some as a **worthwhile** objective. As many informants indicated that it is important to respect national identities and national sovereignty. Considering the existing gaps in national law and in basic IP concepts — as well as the rigidity of some countries in the context of international negotiations — most informants qualified substantive harmonization as an **unattainable goal** (or at least as one which will require decades to reach).
- Most informed agents stated that substantive harmonization should not be based on the American system which, in their view, is backwards compared to the rest of the world and which is more complex than others. One informant indicated that it would be worth for the rest of the world to pursue harmonization, even if Americans elect not to buy into the new system.
- Informants who were in a position to comment mostly **disfavoured lifting the necessity for national representation** (as part of the Patent Law Treaty — PLT). While one can get a sense that this is in part a reaction to the loss of a captive market, some altruistic motives were also raised: some fear that, under the PLT, large multinational IP firms will seize the market for simple applications while leaving difficult original work to national firms. Without the cash cows of maintenance revenues and reexamination fees, national firms will have to increase their costs drastically or face bankruptcy. The change may also have the side effect of reducing the ability of IP agents to support investors in less profitable work.

f. Conclusion

- The key informants reached in this study were quite satisfied with the PCT as a system. The most positive features they cited were related to the PCT process design — as opposed to its implementation by the EPO.
- The EPO delivery of the PCT process was rated quite highly as it pertains to the quality of the work but with more reservation from the point of view of the capacity to deliver. The EPO is seen as being under a lot of stress at this juncture. All in all, however, the situation would have to

deteriorate significantly for clients to exchange what they view as the assurance of quality work for the assurance of timely delivery.

3.2 **Assessment of the ISA/IPEA project**

a. **Advantages**

- According to some informants, the acquisition by CIPO of the status of ISA/IPEA would bring Canada into the **first tier of nations** with regard to intellectual property protection. Without this status, Canada would be left by the wayside, drifting, according to some, to a third-world posture in IP terms, especially as the system moves towards the concept of a world patent.
- CIPO would have to improve its services in order to meet the standards — expanding the examining staff, providing better access to databases, etc.. This would eventually **trickle down to the national phase work** and improve it as well — some assumed that a successful CIPO PCT application could be settled rapidly at the Canadian national phase. It could also help build a stronger office in Canada which would be very useful to Canadian industry, in particular to SMEs — through searches and examinations done locally and an advisory role as well.
- This may become a **necessity** if the EPO cannot handle its PCT load without serious detrimental impacts on regional work. The EPO could cut Canadians off their services.
- Assuming CIPO international work would be up to par, some clients may decide to **file in Canada instead of the United States** to get a first opinion of patentability. By raising CIPO's profile among Canadian users, this change could bring Canadians who currently bypass CIPO to use it.
- The Canadian intellectual property industry would acquire more **profile** internationally, which could eventually translate into additional business.

- It is possible that this would bring into a **cost advantage** for clients if CIPO can conduct its business efficiently.
- According to some, there is a huge vacuum to be filled at the international level with the United States and Europe battling for their own interests. Canada could acquire the position of an **international arbiter** in this context.

b. Disadvantages

- Much of the value of the international search stems from the **credibility of the authority** which issued it. Canada has no credibility in this regard which means that national phases would be made more difficult than they are now. Some informants express surprise that CIPO would consider this option, based on what they consider to be low quality examinations currently produced and very long delays at the national phase — which they associate with insufficient staff and insufficiently trained staff.
- CIPO does not currently have the **professional or informational resources** to carry this project through, nor does it have the training infrastructure. The required investment would be very substantial (see the next sub-section for additional comments). Some think that CIPO would simply be incapable of acquiring the resources required to bring itself up to par with other international authorities. Some also add that the United States have not been able to build an information base as good as that of the EPO; they go on to state that CIPO would obviously not be in a position to do better than the Americans in this regard.
- Although most informants perceived improvements in CIPO's performance in the last few years, the sense is that there is still a **"second-tier" culture** which is exemplified by the insistence upon getting EPO and USPTO results before initiating national phase reviews in Canada — "Something I would expect from a country like Malaysia, not Canada", as one informant put it. A small group shared more positive views and believed CIPO could deliver the goods if given the appropriate resources.

- Some informants were concerned that a CIPO search and examination would not bear the same **value in the European regional phase** as the EPO equivalent. This was more of an issue than the loss of the economic advantage extended by the EPO for European regional phases following an EPO PCT search and examination.
- A few informants were of the view that the project would represent an unnecessary **duplication** of intellectual and informational resources already available in La Haye.

c. Conditions for success

- **Quality is paramount.** The majority of informant insisted that the quality of the work would have to be at least equal to that produced by the EPO. In due time, this should convert into equal respect extended to Canadian PCT work.
- Before extending their support to the project, some informants wanted to see **quality and timely national phase** searches conducted independently of other offices. The perceptions of the quality and timeliness of current searches and examinations were lukewarm at best. Some suggested that national fees could be increased to fund an improved infrastructure and to provide better service.
- There is a consensus around the absolute necessity of a **significant investment** by CIPO in **professional and informational resources**, in order for this project to succeed. Those who ventured an estimate suggested that the examining workforce would have to be doubled (some say tripled), that training efforts would have to be considerably expanded and that remuneration would have to follow suit in order to retain valuable employees.
- Large investments would have to be backed by **solid government commitment** since such a project would have to be implemented over several years.
- The vast majority of informants advised that these investments must be made **prior to initiating international work**. A subset of key

informants were amenable to developing CIPO's capacity more slowly, even if it translated into a more bumpy start.

- Most informants **rejected** the idea of seeking to become one type of authority and not the other. If a choice must be made, Canada should focus on the **search** rather than the examination since the search is the key activity and also because it would be awkward to conduct an examination based on someone else's search. CIPO could move on to the examinations once the search capacity has been built up.
- While PCT fees were not seen as a major issue by most informants, some indicated that offering the PCT process at a **reduced rate** (compared to the EPO) would be one way to make the change more acceptable to Canadian applicants — particularly for applicants who are using the PCT essentially as a delaying mechanism.

d. Final judgment

- This group of informants¹ splits essentially three ways²:
 - more or less one third had a **positive reaction** to the project and felt confident that CIPO could deliver quality international work in a timely fashion;
 - a second third would be **supportive** if they were given the assurance that **massive investments** would be made and that CIPO would rapidly build up its capacity — some indicated that CIPO could demonstrate its improved capacity by speeding up its national work and providing more insightful national searches and examinations;
 - about one third had **negative reactions**, mostly centred on what they considered CIPO's inability to deliver national work and on their perceptions that the government of Canada would not commit enough resources to this project to make it a success.

¹ Remember that this is not a random sample of agents and clients but rather a purposive sample focussed on the most active companies in Canada with regard to the PCT.

² Note that these should not be interpreted in strict quantitative terms since the method used does not support statistical inference.

- One informant proposed that, since the USPTO pays no attention to searches conducted by other offices anyway, CIPO should strive to become a branch of the EPO. According to this informant, this would at least open the European regional doors to successful PCT applications processed by CIPO. Moreover, CIPO could then build on existing EPO systems, training and databases, and ease the transition toward becoming an international authority.

3.3 **Project design**

Three aspects of the design of the CIPO project were subjected to the appreciation of key informants: the projected cost of an application, single-sourcing and possible detrimental effects on national work.

a. Cost

Participants were informed that CIPO's most recent calculations indicate that, to break even on a PCT business line, it would have to charge \$1,900 for an international search and \$1,650 for an international preliminary examination. They were also told that Canadians would lose the existing reductions of fees at the European regional entry phase.

- Most considered the costs **in line** with what is currently charged by the EPO. According to them, therefore, these fees would constitute neither an incentive nor a barrier to filing under the PCT, **as long as the work is of quality**. A few informants perceived the proposed cost to be significantly higher than the current EPO fees and, therefore, reacted negatively.
- Within reasonable limits, cost was considered by most to be a **minor issue**, certainly second to the certainty that all applicable prior art would be identified. Again, quality came first on the priority list.
- The majority indicated that, while appreciated, the European regional phase **fee reductions were not a make-or-break issue** in making a decision about CIPO becoming an ISA/IPEA — although SMEs are more

sensitive to this than large companies and may appreciate a reduction upon entry into the Canadian national phase. Considering all components of cost that clients have to budget for, the loss of these reductions would not determine the IP protection behaviour and strategies. The ease of the regional phase process after a successful EPO PCT application is considered more important than the fee reductions.

b. Single-sourcing

Single-sourcing describes the obligation made on Canadians to present PCT applications through CIPO alone — cutting off the EPO as a PCT office for Canadians.

- Being bound to using CIPO as the sole supplier of international searches and examinations was considered a **setback** by most informants who would have preferred to have the option of using one office or the other, at least until CIPO demonstrates the quality of its searches. Apparently, large corporations would be more sensitive to this issue than SMEs and individual inventors.
- Of course, informants' perceptions of the likelihood of quality searches by CIPO strongly influenced this reaction — basically, clients **do not want search surprises** during costly national phase applications. When informants believed that CIPO would be able to offer quality similar to that of the EPO, they found single-sourcing more acceptable.
- Some ventured that sensitive clients may decide to avoid PCT altogether and file nationally, the old way.
- Some informants indicated that it would be easy and inexpensive for them to **add one non-Canadian applicant** on the list to as to open the EPO PCT doors through another country. This is particularly feasible for large corporations.
- There was a consensus among those who favoured the project (strongly or mildly) to open the Canadian PCT doors to applicants from other countries — within the limits imposed by CIPO's capacity to deliver.

c. **Effect on national work**

- Informants formed two groups on this issue.
 - **Most** considered negative effects on national work to be a **very significant issue**. These informants tended to be the most critical of CIPO's current performance; they had difficulty imagining that the work could be slower than it is now without totally marginalising Canada in the IP world. Some volunteered that increased national fees may help alleviate this problem: "They are too damn low anyway" said one.
 - A **small group** indicated that temporary effects on national work would be **acceptable** considering the **long term positive effects** that the project would have on CIPO and Canada's position globally. Some informants qualified this support by insisting upon the availability of an efficient expedited examination process.
- One informant indicated that, from his point of view, CIPO's national work **should not suffer**, considering that successful PCT applications entering the national phase would not require much work.
- Another informant suggested that CIPO **eases** into the international work by starting with searches only or with certain disciplines or with only a portion of all applications, while planning to increase its coverage from year to year.

3.4 **ISA/IPEA project as a way to gain authority**

- About half of informants considered it **important** for Canada to acquire **more influence** on the international IP scene.
 - They perceived that the world patent system is evolving toward the concentration of the power in the hands of the international offices; in their view, national offices which are not recognized as international search authorities and international preliminary examination authorities will become more and more marginal with time, eventually stopping short of becoming national rubber stamping offices dealing with almost binding international examinations.

- Also, these informants stressed that some extremely important negotiations will take place in the next few years and that Canada has to position itself to exert influence over these debates.
- Other informants did not value the acquisition of more international influence by Canada or thought that it was **unlikely to happen** anyway. Very few informants thought Canada had already missed the boat and could not increase its international influence in the IP world. Among them, some thought that Canada already had as much influence as it can expect considering the size of its economy.
- A short majority of informants who took a stand on the issue concluded that the implementation of the ISA/IPEA project is a **good way to position Canada** internationally in terms of intellectual property. Some indicated that it is one effective methods among others but they were hard pressed to present alternatives.
 - It was often noted that the ISA/IPEA project would likely increase Canada's international influence only to the extent that it would deliver quality work and that it would be recognized as such. In the event of the contrary, this project could actually diminish Canada's standing on the associated issues.
- Those who did not consider that the project would be effective in increasing Canada's international stature indicated that weight in international negotiations is not related to the quality of one's work but rather to the economic power behind governments and nations. This group **favoured** that CIPO invests **more efforts on the national phase** to increase the quality and originality of its work and to deliver the goods in a more timely fashion.

Chapter 4

CONCLUSIONS

Three relatively equal-size groups of informants emerged from the consultations.

The first group ***favoured the ISA/IPEA project as a way to reposition Canada in upcoming international discussions***. By their own account, representatives from this group were more aware of proposals for PCT reform and have paid more attention to recent debates on related issues. Their position was largely defensive: they considered that without a change of status, CIPO will rapidly become marginalised, along with other strictly national offices, as international offices acquire a more and more prominent status in the quest for a simplified patenting system.

The second group was ***generally receptive to the ISA/IPEA project as a way to improve CIPO's ability to face its national challenges***. They thought that CIPO would better served Canadian SMEs and individual inventors if it had improved tools and if it was in a position to perform international searches with a Canadian flavour. They considered that an improvement in CIPO's status would generate side benefits for (national and international) patent applicants.

The third group was **against the project** altogether. They did not attach value to Canada's acquisition of more international profile or they were sceptical about the possibility of such a gain in clout to take place. They had lukewarm feelings concerning CIPO's current performance — some were simply highly critical — and they concluded that CIPO should focus on its national work before considering any extension into the international territory. They envisioned that the effort and investments required to deliver quality international searches and examinations largely exceeded CIPO's existing resources and the resources that the government of Canada may be willing to tag on this objective.

Much of the key informant reactions to the proposed project were driven by the value they associate with the PCT application process. Among the key strengths of the PCT process, informants cited its speed and ease as well as the built-in delay and expenditure deferral mechanisms. These can be offered by any international office. However, key informants were adamant that **the main advantage they get from the current PCT process is the quality search performed by the EPO**. This search critically reduces uncertainty in business decisions concerning the next steps in the protection strategy. The majority of key informants was not willing to put this aspect of the process in jeopardy for possible but uncertain benefits down the road.

To garner support for becoming an ISA/IPEA, CIPO would have:

- to explain the importance of the project in the context of key trends observable in the IP world;
- to gain long-term commitment from the government of Canada toward the project;
- to acquire substantial resources to augment its pool of examiners and to get access to the necessary data bases;
- to develop credible training plans for its professional staff;
- to initiate the change well in advance of becoming an international agency in order to set the stage for a smooth transition;
- to demonstrate its ability to perform original searches and examinations at the level of international offices;
- to offer the option of accessing the EPO PCT services for a certain grinding-in period;

- to take control of the Canadian PCT applications in a staged process which would be more easily manageable for CIPO and more credibly manageable from the point of view of agents and their clients.

APPENDIX A

Interview guide

2001 ISA/IPEA Project — Client Perspective — Interview Guide

This call follows a letter you have received from Pierre Trépanier of CIPO on this project. CIPO is considering the feasibility of becoming an International Search Authority (ISA) and an International Preliminary Examination Authority (IPEA), in addition to being a PCT contracting state. To inform its decision in this regard, CIPO requires various types of information among which the perspective of CIPO clients ranks very high.

Patent Branch has launched a few studies to generate the required information. **Circum Network Inc.** was contracted to contact a representative sample of people who currently use the PCT to get their views on the existing PCT process and on Canada's position.

- Q1 How would you describe the strengths of the existing overall PCT process, those aspects of the system that you would like preserved in a context of change?
- Q2 What are the weaknesses of the existing PCT process, those aspects of the system which you would like to see fixed? Are you familiar with proposals regarding the reform of the PCT? (If yes) Do you consider that these proposals deal with the main weaknesses you perceive with the PCT process?
- Q3 Like many other areas nowadays, the patent system is being affected by globalization. Changes may stem from technological advances and ongoing harmonization efforts, as well as from a desire to reduce costs and to avoid duplication of work. What is your perspective on these developments? Are they likely to materialize? Within what time frame? Is it possible that continued efforts in this direction will increase the importance of the PCT process in intellectual property filing strategies?
- Q4 In this context, how would you react to the possibility that Canada becomes an ISA/IPEA? What are the key advantages of such a project? What about the key disadvantages? What about an ISA only or an IPEA only? What are the key advantages of such projects? What about the key disadvantages? Considering all aspects of the situation, including the possible advent of PCT electronic filing, is now the right time for Canada becoming an ISA/IPEA authority, or is it too early or too late?
- Q5 Let's talk for a minute about the consequences that this could have on the requesters. The most recent calculations, which are only projections at this point, indicate that a self-financing international

search could cost \$1,900. Is that an acceptable cost for your clients and yourself? A self-financing preliminary examination could cost \$1,650. What is your reaction to this rate? Obviously, filing for an international search or an international preliminary examination with a Canadian PCT office would not generate the existing reduction of fees at the European regional entry phases of the process. Is this important?

- Q6 To ensure a minimum level of work in order to guarantee the break-even position of the service, to become an ISA/IPEA authority, Canada would have to direct all Canadian PCT searches and examinations to its office. How do you react to this suggestion? Also, do you think that a Canadian PCT authority should be opened to use by requesters from other countries?
- Q7 Based on the experience of other IP offices, there could be a risk that the additional workload brought about by ISA/IPEA requests which are controlled by a strict schedule would adversely affect the CIPO ability to deliver on national work. Do you see this as an important issue or not? Do you see any long term benefits that could outweigh such an adverse effect (e.g., more examining staff, better search or examination capabilities)?
- Q8 Some feel that Canada becoming an ISA/IPEA authority would give more voice to Canada at a time when international discussions are more important than ever. Others do not share this view. What is your perspective? What other strategy would you promote to enhance Canada's position in international discussions around intellectual property protection?
- Q9 Would the existence of a Canadian ISA/IPEA authority alter your intellectual property protection strategies?