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Note C. 8893

Quality of Patents, including Opposition Systems

Use of foreign search as a tool for the efficiency improvement of the Brazilian INPI

The Patent Backlog Combat Plan



Over the years, the Brazilian National Institute of Industrial Property (INPI) has been seeking alternatives to reduce the number of pending patent applications, known as backlog. In 2018, the average time for the first examination of a patent application at INPI was 6.7 years, while the average decision time was 7.2 years, both counted from the examination request, too far from what would be appropriate. The biggest impact of the backlog is the time elapsed from the filing of the patent application to its decision since, in Brazil, the patent term is extended when this period exceeds 10 years, as established in the sole paragraph of article 40 of Law 9,279, 1996 (IPL)¹. To get an idea of the direct effect of this legal provision, in 2018, 62% of the applications decided

1 Law No. 9,279, of May 14, 1996 (IPL)

Art. 40. An invention patent shall remain in force for a period of 20 (twenty) years, and a utility model patent for a period of 15 (fifteen) years from the date of filing.

Sole Paragraph. The term shall not be less than 10 (ten) years for an invention patent and 7 (seven) years for a utility model patent, beginning on the date of granting, unless the INPI has been prevented from examining the merits of the application by a proven pending judicial dispute or for reasons of force majeure.



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by INPI had the patent term extended in accordance to the sole paragraph of article 40 of the IPL. By early 2019, INPI backlog reached the amount of about 160,000 pending patent applications, a figure that cannot be solved by the current 332 IP Researchers dedicated to examination, considering the time required to perform search and substantive examination of the patent applications.

In some cases, some applicants end up benefiting from the INPI long decision time, especially when the claimed object does not meet patentability requirements. It happens that Brazilian law ensures the holder the right to obtain compensation for the unauthorized exploitation of the patent object from the publication date of the application. Therefore, the absence of a decision leads to the blocking of third party investments in the commercial exploitation of the claimed object, due to the uncertainty of the claims validity.

Over time, many steps have been taken by the INPI Manager Body in order to overcome the backlog, considering the budgetary and political conditions of the time. INPI increased the number of examiners through public contests, issued rules for standardization of internal procedures, drafted and published examination guidelines (after public consultation), and implemented the automation of the administrative processing of applications. Although infrastructure and the number of examiners were not desirable, factors such as staff performance, deployment of production-driven telework (30%), and process optimization through IT investment have led to a significant increase in INPI decisions, reaching the rate of 55 decisions per examiner per year in 2017.

In this scenario of delay and uncertainty, it was up to INPI to find an alternative solution to address the harmful effects of backlog, other than hiring new patent examiners. In this regard, INPI collected suggestions from general public and examiners to speed up the administrative processing of patent applications, including the use of search and examination results of other offices.



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INPI then launched the **Pre-Exam Pilot Project**², which had as its premise the use of the search results carried out in Patent Offices of other countries, and International or Regional Organizations. In the **Pre-Exam Office Action**, in addition to pointing out the documents found by other offices, INPI invited the applicants to adjust the claims and/or to submit technical arguments demonstrating its patentability over the cited prior art. With a formal character, the Pre-Exam was based on article 34 of the IPL, with a 60-day period for manifestation, under penalty of having the application dismissed³. INPI issued 680 office actions during the Pre-Exam Pilot Project, from 01/30/2018 to 03/13/2018. Of the total number of patent applications that received Pre-Exam Office Action, 22% (150 applications) were dismissed due to non-response, leading to a reduction in the stock of applications to be examined by INPI staff. In 88% of the replies received (530 requests), the applicant submitted changes in the set of claims for adjustment to the state of the art indicated in the Pre-Exam Report, which resulted in an increase in the decision rate after the office's first action, i.e. in a single exam step.

In view of the results of the Pre-Exam Office Action, the impossibility of hiring new patent examiners and the contingency of the budget imposed to INPI, in 2019, the Directorate for Patents, Computer Programs and Topographies of Integrated Circuits (DIRPA) presented the **Backlog Combat Plan**, designed to reduce by 80% the number of pending patent applications⁴ (total of 160,000) within 2 (two) years. The plan received support from the Ministry of Economy and, on July 3, 2019, was officially presented by Minister Paulo Guedes at a ceremony held in Brasilia.

2 Resolution INPI/PR No. 227, of October 25, 2018.

3 Law No. 9,279, of May 14, 1996 (IPL).

Art. 34. After the examination has been requested, the following must be submitted, within a period of 60 (sixty) days, whenever requested, under penalty of having the application dismissed:

I - objections, search for prior art and results of examination for granting of a corresponding application in other countries, when priority is claimed;

II - documents necessary to regularize the processing and examination of the application; and

III - free translation of the proper document referred to in Paragraph 2 of Article 16, if it was replaced by the statement referred to in Paragraph 5 of the same Article.

4 Patent applications with examination request.



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The starting point for the elaboration of the Backlog Combat Plan were the results obtained so far with the Pre-Exam Office Action, published in Industrial Property Journal (RPI) under Order 6.20. Until July 22, 2019, the date of the suspension of Resolution No. 277, of 2018, 19,630 Pre-Exam Office Actions were published (6.20). On August 6, 2019, out of the total responses to the Pre-Examination Office Actions already submitted by the applicants, 5,820 substantive examinations were carried out and notified, leading to a total of 3,208 approvals (2,575 of these approvals were performed in the first exam) and 234 rejections. 41 appeals were filed (against the rejections). No administrative nullity was filed for the patents that resulted from the Pre-Examination Office Actions.

Due to the reduction in the number of examination steps for decision, the increase in the amount of decisions in the first office action after the Pre-Examination Action, and the low number of requests for INPI decisions reexamination, INPI decided to consider the use of the results of the search carried out by other offices as a promising measure to shorten the decision time. This strategy is the pillar of the Combat Backlog Plan, which was institutionalized by the **Preliminary Examination Office Action**⁵, and is applicable to patent applications with or without previous search carried out by Patent Offices of other countries (published in RPI under orders 6.21 and 6.22, respectively).

Differently to the Pre-Examination Office Action, the **Preliminary Examination (6.21)** prohibits additional search by INPI patent examiners, reducing the effort expended in performing the technical examination process. Also, this Office Action has a technical nature and is based on articles 35 and 36 of IPL⁶, with a 90-day period for

5 Resolution INPI/PR No. 241, of July 3, 2019. Applicants will have ninety (90) days to present comments on the Preliminary Examination Report, from the publication date of 6.21 Order; otherwise, the application shall be definitely dismissed, in accordance with Article 36 of IPL.

6 Law No. 9,279, of May 14, 1996 (IPL).

Art. 35. At the time of the technical examination, a report of search and an opinion shall be prepared with respect to:

I. patentability of the application;



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manifestation, under penalty of having the application definitive dismissing. This constitutes a great advantage compared to the Pre-Exam Office Action, considering the fact that, currently, the dismissing rate is around 25% of the total Preliminary Examination Reports issued by INPI.

INPI hopes that the presentation of a new set of claims, adapted to the relevant state of the art cited in the Preliminary Examination Report (6.21) and to national legislation, the elimination of the prior art search step, and the adoption of a more simplified examination methodology⁷ will lead to a decrease in the number of examination steps and, consequently, to a faster decision-making.

A similar solution was created for the patent applications that were filed only in Brazil and, therefore, search and/or examination was not conducted by other Patent Offices and International or Regional Organizations⁸. In this case, the examination procedure is based on the publication of **Preliminary Examination Office Action (6.22)**, composed of a Search Report prepared by the patent examiner and a Technical Report (standard), in which the applicant is requested to adjust the patent application and/or present arguments in order to prove the patentability of the claimed invention, taking into account the documents cited in the Search Report.

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- II. appropriateness of the application given the nature claimed;
 - III. reformulation or division of the application; or
 - IV. technical requirements.

Art. 36. When the opinion ascertains the non-patentability of the application or the incompatibility of the application to the nature claimed, or makes some demand, the applicant shall be notified to submit comments within a period of 90 (ninety) days.

(1) If there is no response to the demand, the application shall be definitively dismissed.

(2) If there is response to the demand, even if it has not been satisfied, or its formulation is contested, and whether or not comments on patentability or compatibility have been submitted, the examination shall be continued.

⁷ Implementing Standard DIRPA n° 7, of 2019.

⁸ Resolution INPI/PR No. 240, of July 3, 2019. Applicants will have ninety (90) days to present comments on the Preliminary Examination Report, from the publication date of 6.22 Order; otherwise, the application shall be definitely dismissed, in accordance with Article 36 of IPL.



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Preliminary Examination Office Actions (6.21) and (6.22) do not apply to patent applications that are subject of a request for any priority examination modality at INPI (Fast-Track) or that have been subject to observations made by third-parties or the National Agency of Sanitary Surveillance – ANVISA.

Figure 1 shows a summary scheme of the examination flow under the Backlog Combat Plan and Table 1 presents a comparison between the Pre-Examination (6.20) and the Preliminary Examination (6.21 and 6.22) Office Actions, with details regarding the procedural flow and the administrative rules applicable to each case.

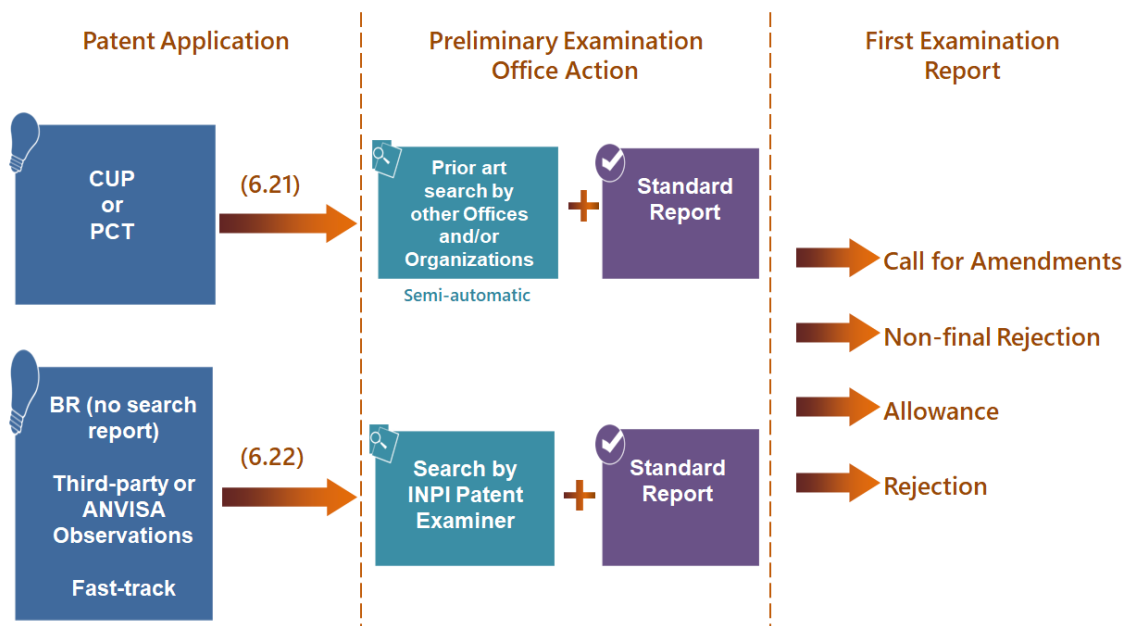


Figure 1 - Summary scheme of the examination flow under the Backlog Combat Plan. CUP or PCT: patent applications filed via CUP or PCT with Search Report available; BR: patent applications only filed in Brazil (no Search Report Available); Third-party or ANVISA observations: patent applications that have been subject to observations made by third-parties or the National Agency of Sanitary Surveillance – ANVISA; Fast-track: patent applications that are subject of a request for any priority examination modality at INPI.



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Table 1 - Comparison between Pre-Examination (6.20), Preliminary Examination (6.21) and Preliminary Examination (6.22)⁹ Office Actions.

Pre-Examination (6.20)	Preliminary Examination (6.21)	Preliminary Examination (6.22)
Regulation:	Regulation:	Regulation:
Resolution No. 227/2018	Resolution No. 241/2019	Resolution No. 240/2019
Article 34 of IPL	Article 36 of IPL	Article 36 of IPL
60 (sixty) days to respond	90 (ninety) days to respond	90 (ninety) days to respond
Non-response leads to dismissing (11.5)	Non-response leads to definitive dismissing (11.2)	Non-response leads to definitive dismissing (11.2)
Supplementary search is allowed only if relevant to patentability	Supplementary search is not allowed	Supplementary search is not allowed
Refusal in first action is forbidden (after 6.20)	Refusal in first action is allowed (after 6.21)	Refusal in first action is forbidden (after 6.22)
From January, 2018 to July, 2019	Since August 22, 2019	Since August 1, 2019
Criteria:	Criteria:	Criteria:
Substantive examination not started	Substantive examination not started	Substantive examination not started
Not being the subject of a request for any type of priority examination at INPI	Not being the subject of a request for any type of priority examination at INPI	Not being the subject of a request for any type of priority examination at INPI
No observations (third-parties or ANVISA)	No observations (third-parties or ANVISA)	No observations (third-parties or ANVISA)
Corresponding application with prior art search performed by Patent Offices of other countries or international or regional organizations	Corresponding application with prior art search performed by Patent Offices of other countries or international or regional organizations	No corresponding application with prior art search performed by Patent Offices of other countries or international or regional organizations
	Filing date until 12/31/2016	Filing date until 12/31/2016
Content	Content	Content
Search Report (limited to prior art documents cited in Searches and/or Examination Reports by Patent Offices of other countries, and International or Regional organizations)	Search Report (limited to prior art documents cited in Searches and/or Examination Reports by Patent Offices of other countries, and International or Regional organizations)	Search Report prepared by INPI
Formal requirement for the applicant to adapt the claims and/or present arguments regarding patentability in relation to the documents cited in the Search Report	Subjective requirement for the applicant to adapt the claims and/or present arguments regarding patentability in relation to the documents cited in the Search Report	Subjective requirement for the applicant to adapt the claims and/or present arguments regarding patentability in relation to the documents cited in the Search Report
Compliance with IP Law (Articles 10, 18, 22, 24, 25 and 32) and internal regulations (Normative Instructions No. 30/2013 and No. 31/2013)	Compliance with IP Law (Articles 10, 18, 22, 24, 25 and 32) and internal regulations (Normative Instructions No. 30/2013 and No. 31/2013)	Compliance with IP Law (Articles 10, 18, 22, 24, 25 and 32) and internal regulations (Normative Instructions No. 30/2013 and No. 31/2013)
What is expected in response:	What is expected in response:	What is expected in response:
Technical discussion of the documents cited in the Search Report regarding the claimed invention	Technical discussion of the documents cited in the Search Report regarding the claimed invention	Technical discussion of the documents cited in the Search Report regarding the claimed invention
If necessary, adjustment of the claims	If necessary, adjustment of the claims	If necessary, adjustment of the claims

⁹ Adapted from the comparative table prepared by the examiners working at the INPI Regional Unit of São Paulo (COINS/SP).



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In addition to the Preliminary Examination Office Action, INPI launched the Task Management Pilot Program (Telework has already been implemented at the Institute), to encourage the increased performance of patent examiners during the execution of the Backlog Combat Plan. The Program foresees a 30% increase in the production of the participating examiner in relation to non-participants, based on the examination of pending applications that make up the backlog, in technological fields related to its technical capacity. In return, the examiner is relieved of attendance control.

Project Monitoring

Figures 2 and 3 present the results of the Plan on September 25, 2019. Performance statistics of the Backlog Combat Plan, related to Preliminary Examination Reports (6.21 and 6.22), decisions and backlog reduction, are updated weekly and made available on the INPI Internet site at:

<http://www.inpi.gov.br/menu-servicos/patente/plano-de-combate-ao-backlog>.

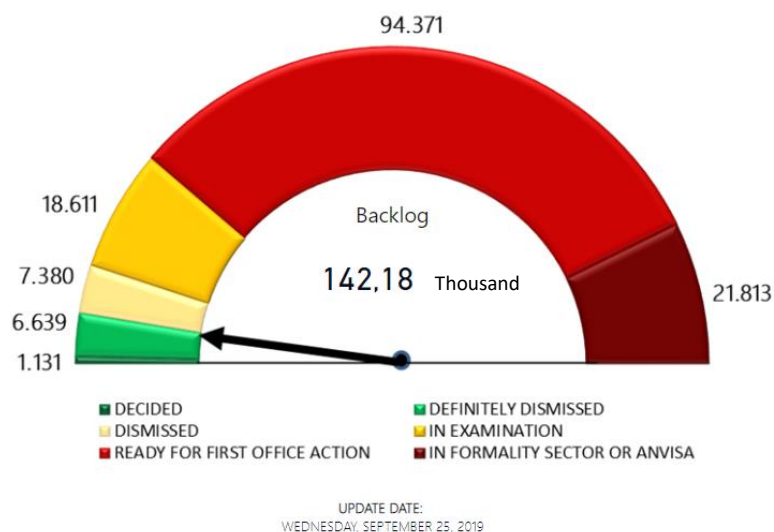


Figure 2 - Progress of the Patent Backlog Combat Plan (September 25, 2019).



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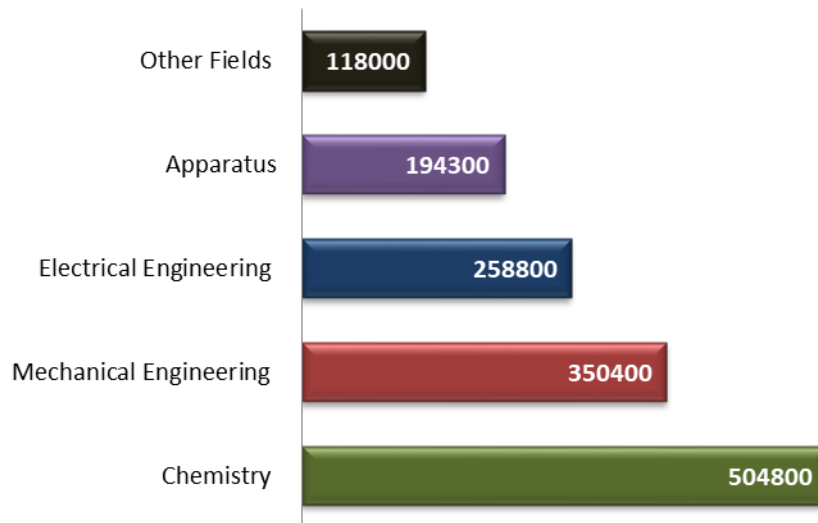


Figure 3 - Patent application backlog by technological area (September 25, 2019).