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Discussion on Chinese service invention-creation and rights ownership thereof

Zhongling HAN and Xiaodong WANG of Beijing Sanyou Intellectual Property Agency Ltd. offer advice for determining an “Employer-First” and “Employee-First” dual model as a solution for invention-creation ownership.

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Update on divisional applications in Mexico

Sergio L. Olivares, Daniel Sánchez, and Mauricio Sámano of OLIVARES explain the relationship between the new law applied in 2020 and divisional applications from parent applications.

I. Introduction:

Divisional practice is important for almost any company interested in obtaining patent protection in certain regions. In Mexico, divisional applications have been filed throughout the years, both voluntarily and resulting from a lack of unity objection, and they are an excellent venue for strengthening patent protection.

On November 5, 2020, a new IP law entered into force. This new law has changed the practice for filing divisional applications in Mexico, as we will further discuss. In the previous law, voluntary divisionals were not specifically contemplated, and the legal support for filing voluntary divisionals was found in article 4-G(2) of the Paris Convention, in which the applicant would have the opportunity of voluntarily filing a divisional application, as long as the parent case was pending. The new law specifically covers the possibility of filing voluntary divisionals and establishes a specific deadline for filing them. However, there are significant changes that will require applicants to develop new strategies for filing divisionals.

The new law applies to any patent application filed from November 5, 2020, and onwards, and the new law does not apply to divisionals that derive from a parent application filed prior to November 5, 2020.

II. Current scenario for filing divisional applications in Mexico

Article 100 of our new IP law, which entered into force on November 5, 2020, reads as follows:

Article 100.- In the case of divisional applications filed voluntarily or at the request of the Institute, the applicant shall comply with the following requirements:

I.- Submit the descriptions, claims, and drawings necessary for each application, except for the documentation relating to the



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priority claimed and its translation that already are in the initial application and, if applicable, the assignment of rights and power of attorney. The drawings and descriptions exhibited shall not suffer alterations that modify the invention contemplated in the initial application;

II.- To claim an invention different from the one claimed in the initial application and other divisional applications, without containing additional subject matter or that gives greater scope to the one initially filed.

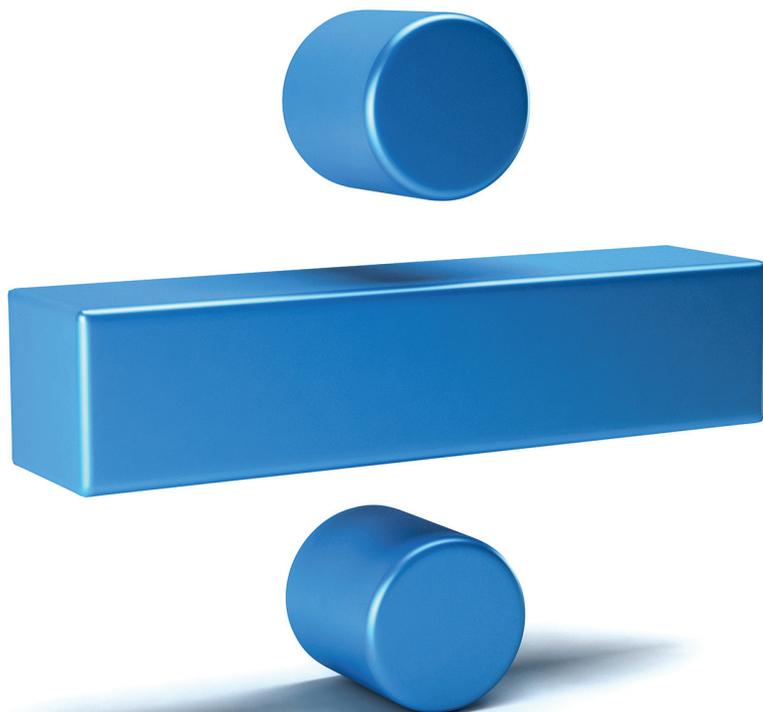
When an invention or a group of inventions have not been claimed due to the division, these cannot be claimed again in the initial application or in the application that gave rise to the division and

III.- To file the divisional application within the term referred to in Article 111 of this Law or, when the division is voluntary, under the terms of Article 102 of this Law.

The divisional application cannot consist of the division of other divisional applications unless this is appropriate in the opinion of the Institute or is required of the applicant, under the terms of Article 113 of this Law.

If the divisional application does not comply with the requirements outlined in this article, it shall not benefit from the date of filing of the initial application from which it is intended to derive, considering it is filed on the date it was received if it complies with Article 105 of this Law.

After analyzing the above article, we can see that the new IP law has formalized the divisional practice that existed previously, and in the case



of a lack of unity objection, any divisional needs to be filed at the same time or before the response to the office action (in which unity was objected) is filed. In the case of voluntary divisionals, the time limit for filing any voluntary divisional is before the payment of the grant fees.

One major change in divisional practice is that now, when unity of invention is objected, any invention or group of inventions that are not included in the initial application or in the application that originated the division, cannot be included again in any of said applications. Therefore, when receiving a unity objection, the applicant needs to consider this when deciding the scope of protection that is of commercial interest for them. If this is not yet clear, it is important to not let go of any matter when dividing the application.

Another major change in divisional practice is that it will no longer be possible to voluntarily file divisionals that derive from another divisional application. "Cascade divisionals" (2nd, 3rd, etc. generation divisionals) can now only be filed when the Examiner specifically requests the division through the issuance of a lack of unity objection. In view of this major change, applicants will now have to be creative in developing strategies to secure the possibility of being able to file future cascade divisionals. For example, applicants could file in the first divisional, a set of claims that do not comply with unity of invention, to assure that the Examiner issues a lack of unity objection, thus giving the applicant the opportunity to file further divisional applications in the future.

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III. Challenges for cascade divisionals after the new IP Law

Mexico's new IP law is clear on how divisional applications should be handled going forward. However, applicants have faced challenges from Mexican PTO's (hereinafter referred to as IMPI) interpretation of the applicability of the new IP Law.

A few months after the new IP Law entered into force on November 5, 2020, applicants started to receive formal office actions from the IMPI, in which Examiners started objecting divisional applications that were filed voluntarily and that derived from another divisional (cascade divisionals). Examiners did not consider these applications as divisionals, rather considering them as independent new applications, using the legal filing date of the divisional as the date of its submission before IMPI, instead of the legal filing date of the parent case. This meant that these divisionals were doomed from the beginning because the publications of the parent case would affect novelty, and they would never be granted.

Résumés

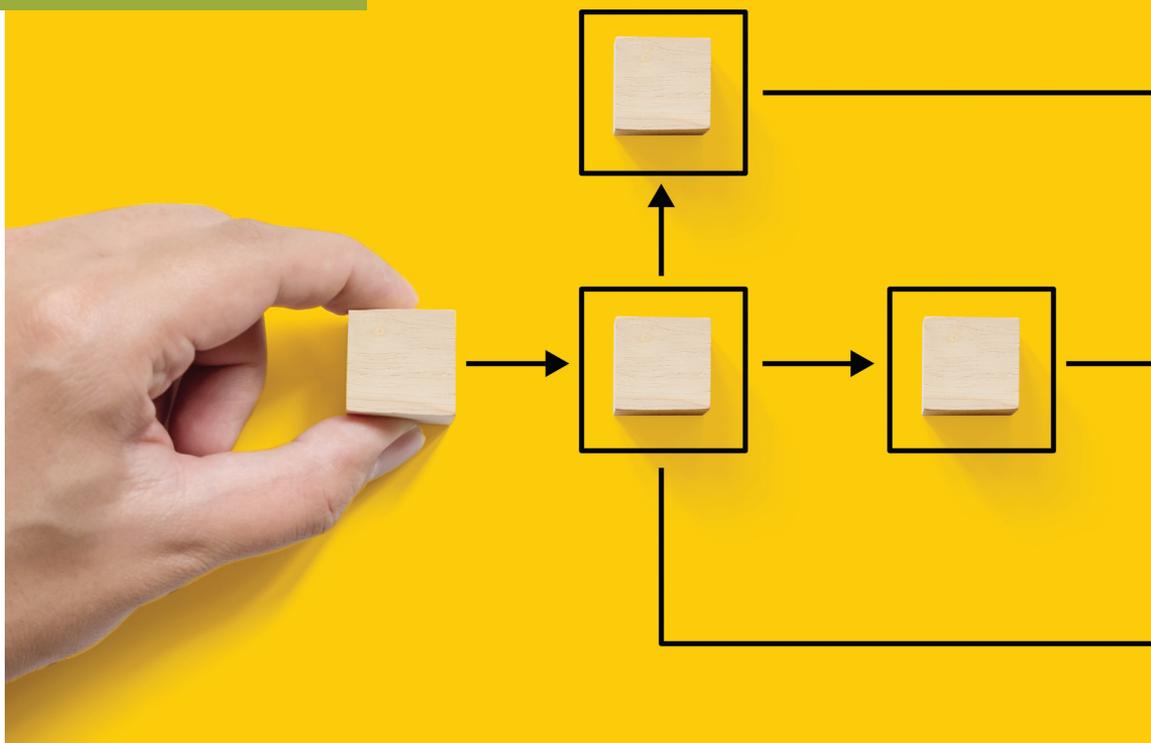
Sergio Olivares, Jr. joined OLIVARES in 1987 and today leads the firm with strength and a commitment to transparency, client satisfaction, and personal service. He has been a partner since 1994 and Chairman of the Management Committee since 2009.

Daniel Sanchez joined OLIVARES in 2000 and became a partner in 2011. He is one of the leading intellectual property (IP) and administrative litigators in Mexico and is recognized by industry rankings and publications.

Mauricio Samano works in the patent department of our firm. His work in OLIVARES mainly focuses in prosecuting Chemical, Biotechnological and Pharmaceutical patent applications, as well as in providing technical opinions regarding patent infringement. He has experience in conducting state of the art searches and drafting patent, utility model and industrial design applications. Additionally, he has participated in interviews with examiners of the Mexican Institute of Industrial Property (IMPI) and the United States Patent and Trademark Office.



We can see that the new IP law has formalized the divisional practice that existed previously.



IMPI based these formal office actions on Article 100 of the New IP Law, which as we have already mentioned, states that cascade divisional applications are now restricted to only those required by IMPI due to a unity of invention objection. However, IMPI's reasoning was simply incorrect because these divisionals derived from a parent case that was filed before November 5, 2020. Thus, they should have been examined according to the provisions of the previous IP Law, which did not have this limitation on divisional applications. IMPI's justification for examining these cascade divisionals under the provisions of the new law that entered into force on November 5, 2020, was simply that the cascade divisionals were filed after November 5, 2020.

Transitory provisions of the new law, clearly provide that any application filed before November 5, 2020, should continue its prosecution under the provisions of the former law. Furthermore, Mexico's Constitution prohibits the retroactive application of any law.

In many cases, after the issuance of two formal office actions (the maximum number of formal office actions that can be issued in Mexico), which were timely replied, with legal arguments rebutting IMPI's inexplicable criteria, there would be a rejection of the cascade divisionals. These rejections, in turn, were challenged through appeals that were filed before IMPI itself.

These were difficult times in which unfortunately applicants did not have certainty, and Mexican law firms did their best to explain this odd situation to their clients, along with making lobbying efforts through associations and independently to try to overturn these baffling criteria.

Fortunately, these lobbying efforts were successful, and in May of 2022, IMPI overturned their

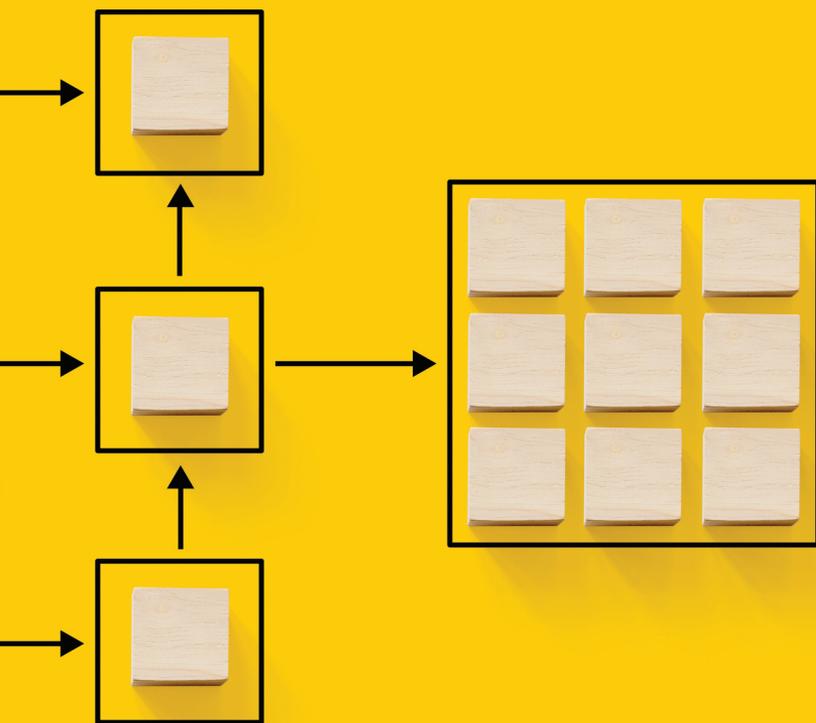
criteria and now recognize cascade divisional applications that derived from applications prosecuted under the former law as divisional applications sharing the legal date of the parent case. Because of this, the appeals that were filed with IMPI were all resolved in favor of the applicant, and in the cases in which the first or second formal office action was responded, an additional office action was issued stating that all formal requirements were met.

IV. Unexpected resolution from the Circuit Court

On July 15, 2022, the Mexican Circuit Court en banc issued a decision on the time limit for filing divisional applications for patents prosecuted under the rules of the former Industrial Property Law (abrogated in 2020).

In this decision, the Court determined that divisional applications must be requested prior to the conclusion of the substantive examination. However, the decision was reluctant in pronouncing whether the two, two-month terms (that is four at the most) for the payment of fees after the issuance of the Notice of Allowance, would be considered part of this examination. So, it remained unclear for many practitioners if the time limit for filing a divisional had now changed to the date that the Notice of Allowance is issued.

This criterion was issued because the former Industrial Property Law was ambiguous regarding divisional applications, including the timeframe for requesting them, and several litigation actions were filed as a consequence. However, the new Industrial Property Law states that the time limit for requesting a divisional application is prior to the payment of the grant fees.



With respect to this new criterion, there are relevant points that must be considered:

- It applies only to patents prosecuted under the rules of the former Industrial Property Law.
- Judicial decisions are not mandatory for IMPI to follow but can be highly persuasive.
- The conflicts of applicability of law in time, in case of doubt, Courts should also apply the most favorable law in benefit of citizens.

It is important to clarify that for applications prosecuted under the previous law, IMPI's criteria has always been to accept divisional applications at any time during the prosecution of the parent case and before the payment of the grant fees. It is difficult to think that this Court decision would change this criterion, particularly because it is contradictory with the timelines for filing divisionals that are established in the New IP Law that entered in force on November 5, 2020.

Conclusions

Considering that for some time the previous law and the new IP law will coexist, it is necessary to develop strategies that assure the most robust protection possible in view of the current scenario for filing divisional applications.

While the new IP Law sets a stricter framework, divisional applications are still available in Mexico. In the case of applications filed prior to November 5, 2020, cascade divisional applications

can still be filed, and there is still value in going this route.

Now, the Court's resolution does not change the past landscape. As such, and as has been the case, divisional applications filed before November 2020 need to be requested before paying the final fees of the parent or the one from which the division is made. It remains important to be attentive to future resolutions clarifying whether there is an exact moment between the issuance and service of the fourth official action and the payment of the final fees for this.

As to applications filed after November 2020, those are with the new IP Law, and there is an exact provision for the right time, and the Court resolution does not affect this.

The challenge for IP practitioners in Mexico is to assure that this happens through lobbying efforts and through litigation, when necessary. However, the priority is to stop inaccurate information and misunderstandings of the current landscape. In sum, divisional applications are still available but new rules need to be considered.

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