Patenting Outside the U.S.: Options, Pitfalls and Strategies

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Overview

- 180 Seconds of U.S. Patent Law
- The Global Patent and Monsters
- Options for Filing Outside the U.S.
  - Just Do It
  - Paris Convention
  - Patent Cooperation Treaty (PCT)
  - European Patent
- Comparative Cost Example
- Avoid Common Traps: Public Disclosure, 12 mo. Deadline, Foreign-Filing License
- Cost-Effective Filing Strategies
180 Seconds of U.S. Patent Law

To get a patent, an invention must:

- Be Novel
- Be Non-Obvious
- Include eligible subject matter

3 Types of U.S. Patents:

- Utility Patent
- Design Patent
- Plant Patent

First-to-File System (as opposed to first to invent)

- Harmonization with rest of world (sort of)
- U.S. 12 month grace period
The Global Patent and Monsters

- **Spoiler Alert: Neither Exist**
- **Patents are obtained on a per-country basis**
  - Closest exception: bundled patent option in Europe
- **Novelty and Non-Obviousness**
  - Fairly universal concepts
  - Non-Obviousness similar to “inventive step”
- **Examination vs. Registration**
- **Other kinds of patents in non-U.S. countries: utility model**
  - Registered, not examined
  - A.k.a. second tier patent, “innovation patent” (Australia)
  - Shorter term, cheaper, less protection
  - Australia, China, Germany, Japan, Korea, others
The Global Patent and Monsters

- **Concept of “priority claim”**
  - Countries will honor filing dates in other countries if a claim of priority is made.
- **35 U.S.C. 119(e) Benefit of earlier filing date; right of priority.**
  1. An application for patent filed under section 111(a) or section 363 for an invention disclosed in the manner provided by section 112(a) (other than the requirement to disclose the best mode) in a provisional application filed under section 111(b), by an inventor or inventors named in the provisional application, shall have the same effect, as to such invention, as though filed on the date of the provisional application filed under section 111(b). If the application for patent filed under section 111(a) or section 363 is filed not later than 12 months after the date on which the provisional application was filed and if it contains or is amended to contain a specific reference to the provisional application, the Director may prescribe regulations, including the requirement for payment of the fee specified in section 41(a)(7), pursuant to which the 12-month period set forth in this subsection may be extended by an additional 2 months if the delay in filing the application under section 111(a) or section 363 within the 12-month period was unintentional. No application shall be entitled to the benefit of an earlier filed provisional application under this subsection unless an amendment containing the specific reference to the earlier filed provisional application is submitted at such time during the pendency of the application as required by the Director. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this subsection. The Director may establish procedures, including the payment of the fee specified in section 41(a)(7), to accept an unintentionally delayed submission of an amendment under this subsection.

- **Benefit: earlier “filing” date = less prior art to be used against you**
Option 1 for Filing Outside the U.S.: Just Do It

- Apply for a foreign-filing license
  - Effectively a type of export license
  - Ask the government to allow you to file for patents outside the U.S. for inventions made in the U.S.
- Just file in other countries
  - Find an attorney in each country, pay the gov’t and attorney fees, file an application
- Not typically the best option due to lack of priority claim
Option 2 for Filing Outside the U.S.: Paris Convention

- A variation of the “Just Do It” approach
- Paris Convention for the Protection of Industrial Property
  - An intellectual property treaty signed in Paris in 1883
  - Almost 200 countries now participating
  - Gives equal treatment to patent applications filed by foreigners in member countries, e.g., my China patent application is treated same as the China application of Mr. Xi Jinping
    - Also bestows benefit of filing date in original country if a “claim of priority” is made
- Sequence of events: File in the U.S. first, then file within 12 months in one or more foreign countries, claiming priority to U.S. application
Option 2 for Filing Outside the U.S.: Paris Convention

- **Claim of Priority Example:**
  - File Australia, Canada, China, application Jan. 1, 2016 with claim of priority to U.S. application
    - Identify U.S. application, date, etc. in foreign application, and make statement about priority
  - For purposes of prior art and first-to-file, Australia, Canada and China will treat applications as if they were filed in their countries on Jan. 1, 2015 (NOT 2016)
    - Huge potential benefit
  - Common filing strategy if plan to file in relatively few countries outside of the U.S., and already know what countries you want to file in
Option 3: Patent Cooperation Treaty (PCT)

- 1970 international patent law treaty administered by World Intellectual Property Organization (WIPO)
- Created a quasi “international” patent application
Option 3 for Filing Outside the U.S.: PCT

- Stock option: “An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date.” (Investopedia, Feb. 9, 2016)

- A PCT application is like a stock option: it gives you the right, but not the obligation, to file your patent application in one or more countries on or before a specific date. (Fonderpedia, Feb. 9, 2016)
Overview of the PCT System

Inventions→International applications

are the object of→filing

transmit applications to→International Authorities (ISA, SISA and IPEA)

Carry out search, prepare written opinion and transmit reports to

publishes on→WIPO

communications to→Patents

Designated Offices (national and/or regional patent Offices)

PCT national phase entry (where the applicant seeks protection)

Application filed with patent Office (priority date)

International application filed with PCT receiving Office

Transmittal of ISR & written opinion

Publication of international application ISR and written opinion

Applicant requests supplementary international search (optional)

Applicant files a demand for international preliminary examination (optional)

Transmittal of IPRP II or ISR (optional)
Option 3 for Filing Outside the U.S.: PCT

- Benefits of filing PCT application
  - Gives you an additional 18 months to:
    - Decide whether to file in other countries
      - Probe the market to see if your invention has commercial value before making big investment in filing outside the U.S.
    - Decide which countries to file in
  - Get an early search report and patentability opinion
    - May want to amend claims based on opinion at time of entering into foreign countries
  - Typical cost: $2,500 - $4,000
Option 4 for Filing Outside the U.S.: Europe Application

- Another multi-lateral treaty (1973)
- Administered by the European Patent Organization (EPO)
- Single patent application to EPO, followed by examination by EPO examiners
- “European patent” grant is honored by individual European countries
  - But you still have to register the patent in each individual countries
    - No additional examination, more about paying fees
- Good option if filing in many European countries
  - Potential cost savings
  - Consistent scope of claims across various European countries
Patent Prosecution Highway (PPH)

- An agreement between participating national patent offices to speed up examination of patents (“accelerated examination”)
- Countries participating: Australia, Austria, Canada, China, Denmark, Estonia, EPO, Finland, Germany, Hungary, Iceland, Israel, Japan, Korea, Nordic (NPI), Norway, Portugal, Russia, Singapore, Spain, Sweden, UK, USA, and PCT
- Idea: if one country agrees that at least one claim of a patent is allowable, then other countries agree to move the corresponding application in their country up in the queue
- Benefits: speeds up the examination process
  - Opinion: examiners more likely to allow claims if others have already allowed
  - No fees! (sort of)
Comparative Cost Example*: U.S. v. Other Countries (Rough Estimates Only)

- **U.S.** - $15k (filing only + gov’t fees)
  - Gov’t fees (sm. Entity): $730 (filing) + $480 (issue) + $6,300 (maintenance/annuity; 3 payments over 17 years)
  - Attorney fees: $12,000-18,000
- **PCT Application** - $3,000
- **Australia** - $27k (annuities $14k)
- **China** - $31k (annuities $17k)
- **Japan** - $27k (annuities $8k)
- **EPO** - $25k
  - Germany (with translation) - $21k
  - France - $12k (annuities $11k)
  - UK - $12k (annuities $11k)

*Doesn’t include attorney fees for prosecuting patent application/arguing with patent office. E.g., add $8k-$15k to US or EPO.
Pitfalls to Avoid

- Get a foreign-filing license!
  - This will happen automatically if you apply for a US application first
  - Required even for non-sensitive technology as long as it was invented in the U.S.
  - China: if part of invention was made in China, need China foreign-filing license
- If you have a foreign inventor, check laws of foreign country regarding compensation to inventor
  - China: requires “reasonable remuneration” to inventor
- Don’t publicly disclose or sell your invention before filing a patent application
  - The U.S. has a 12 mo. grace period, most countries don’t
- File a PCT or Paris Convention application within 12 months or lose ability to claim priority, and maybe lose ability to file outside U.S. altogether
Cost-Effective Strategies for Obtaining and Maintaining a Foreign Portfolio

- Be selective about filing for patent protection in foreign countries
  - File where you have real sales
  - File where you have high expectations of future sales
  - File where you manufacture
  - File where your competitors have a market or manufacture
- Use alternative/cheaper patent options in less critical countries (less protection, but lower costs)
  - Design patents
  - Utility model patents
- Keep claims uniform across countries
  - Allows you to leverage experience
- Be realistic with your claims (i.e., don’t be greedy), and you won’t have to spend as much money fighting with patent offices
  - Protect your commercial embodiments
- Establish relationships with foreign law firms that can learn your technology and be efficient
- Evaluate your foreign portfolio every year and don’t pay annuities on patents that are no longer useful