Foreign Filings: A Practical Guide to Filing Patents Abroad

A clear, unbiased and practical introduction to patenting abroad (‘foreign filings’). This guide is intended for patent attorneys and their clients, including entrepreneurs, executives and inventors.

You will gain a practical understanding of foreign filing, including the factors to consider when deciding where to file and the costs and benefits behind your options. This guide will de-mystify the process, remove the risk and stress, and make your foreign filings work for you.

No mysteries, No surprises.
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Introduction
What’s to fear in foreign filing?

“In any moment of decision, the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing.”

Theodore Roosevelt

Are you hesitant about foreign filing, especially in a state where the default is to do nothing? The purpose of this guide is to give you a clear, unbiased and practical introduction to patenting abroad (‘foreign filings’). This guide will de-mystify the process, remove the risk and stress, and make your foreign filings work for you.

This is intended for patent attorneys and their clients, including entrepreneurs, executives and inventors. Our goal is to provide you with more than just the very basic advice that is widely available, while steering clear of jargon and unnecessary technicalities. We address costs and benefits and the choices you need to make when approaching foreign filing.

The United States now represents approximately 25% of the world economy, and as ‘developing nations’ grow, this percentage will continue to fall. Accordingly, if an invention is only patented in the United States, then by publication of the US patent (month 18) at the latest, the invention will enter the public domain, available for anyone to use free of charge in 75% of the world’s economy.

Whether you sell globally via the Internet, are looking at future expansion, licensing options, or even a future merger or acquisition, you will need to have already done the work to adequately protect your innovation. As the above numbers make clear, an import lynchpin examined should be your foreign filing strategy.
For patent attorneys, foreign filings can be a profitable value-added service to offer clients. For enterprises and inventors, foreign patents can be extraordinarily valuable. However, done incorrectly, foreign filings can also be an expensive, frustrating, and time-consuming process. Once you complete this guide, you will be well positioned to make the right decision for you and your company and avoid the ‘worst thing’ of doing nothing.

This guide is restricted to utility patents, which are the primary vehicle for protecting inventions. In some jurisdictions (e.g., Japan, Germany, Australia), a less onerous regime exists for patents that confer weaker rights often known as innovation patents or utility models.

Also, utility patents should not be confused with design patents, as they are known in the United States; known as ‘design registrations’ in most of the rest of the world, these are a comparable regime for protecting the novel, non-functional aesthetic features of an object. Of course, this guide does not address other forms of intellectual property, like trade secrets, copyrights or trademarks.

We hope you find this guide helpful. Let us know on Twitter @Dennemeyer.
About the authors

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miltons IP

Neil Milton is a Canadian intellectual property lawyer who is an expert in IP strategies. He helps enterprises (including businesses, universities and government labs) understand what they have and devise ways to maximize the value inventions, innovations, and research. Neil is the author of Canadian Intellectual Property Law for Dummies, which has sold over 50,000 copies in print.

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Dennemeyer & Associates

Dr. Köllner is Head of Foreign Filing at Dennemeyer. He acts as the editor-in-chief of the well-known German journal for patent law, Mitteilungen der Deutschen Patentanwälte, and is a lecturer at various conferences and universities. Listed as one of the world’s Leading Lawyers and IP Strategists, in 2014, Malte received the IP Innovation Award for the Flat Fee Prosecution service.
Foreign filing basics

Quick Summary

Success with foreign filings is straightforward if you follow four simple rules:

1. Have a plan;
2. Be prepared;
3. Start soon enough; and,
4. Choose great partners.

Have a plan

Unless you have unlimited resources, before you file abroad you need a plan that deals with such issues as where to file, what information and documentation will be required, and when. We recommend frugal optimism as a starting point. You rarely need to file everywhere; filing in a few key jurisdictions and controlling costs is most likely to strike the right cost-benefit balance. More guidance on developing a patent strategy and ‘where to file’ is found later in this guide.

Be prepared

________________________________________________________

“An ounce of prevention is worth a pound of cure.”

Benjamin Franklin

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For foreign filing, through proper preparation, you can dramatically reduce the stress and cost. This is particularly true for having documents in order, such as assignments signed by the inventors as soon as practicable. Delay can only hurt – inventors change jobs, partners cease to cooperate – so the sooner these loose ends are tied up, the better.
Start soon

Proper coordination of foreign filings takes time, and rush filings are much more expensive and stressful. Whenever possible, initiate the process 3-4 months prior to any hard deadline. This is especially true if a translation is required and to make voluntary amendments at the time of filing, both of which will reduce costs and/or improve prosecution.

Choose great partners

Almost by definition, if you are going to file abroad you will need to work with other firms. Choosing great partners will make the process smooth and productive. Look for local experts who provide a top quality service and are organized, efficient, and pragmatic. Your local partners must understand the imperative to deliver great service at a reasonable cost; ‘money is no object service’ will jeopardize your foreign filings as surely as less-than-expert advice. What defines a top partner? The best partners have characteristics such as:

- The tools, systems and people to coordinate many filings and avoid duplication.
- They will provide you with detailed information on timelines and deadlines.
- They will provide drafts of any documentation that needs to be executed or translated, well in advance of the deadlines.
- They will readily explain to you, in language that you understand, nuances in their jurisdiction that differ from yours, and thus the need for things such as voluntary amendments of the specification or claims.
Approximate costs of patenting abroad

The key variables that determine the cost of patenting abroad are:

a) Government fees for filing, search, examination, allowance and the like.
b) Initial filing fees charged by the local agent.
c) Costs of prosecution charged by the local agent, including fees for reporting office actions, publication, allowances and the like.
d) Translation costs.
e) Maintenance or annuity fees.

It is natural to focus on the initial fee to file the national or regional phase filing. However, it is important to remember that the filing is just the beginning - prosecution will follow. What matters to an applicant is the total cost to get allowed claims (of reasonable scope). Everything else from an applicant’s perspective is ‘steps along the way,’ so make sure you focus on the all-in cost, not just the first step.

One of the largest fears for applicants is that if they will file using a local agent, they have no idea what subsequent prosecution costs will be. This uncertainty can make foreign filings stressful and difficult to plan.

A common way to address this uncertainty is to work with a local agent who is well-known to you, and whose quality and billing habits you are comfortable with. Of course, this only works for filers with volume and experience – over time and with volume you can negotiate the best rates with good local agents.

First time filers who do not have the advantage of an established network of trusted agents need to be prudent. One option is to use a firm that already has this network as a primary point of contact. However, just because someone says they have a network of local agents does not mean they have the volume of filings and expertise to get the best rates from the best counsel. Thus, it pays to be prudent, even in selecting a primary point of contact.
If you are working with a party for the first time, we recommend you get a budget or quote in writing.

Some firms offer flat fees, either for particular steps or for the entire prosecution. Generally speaking, flat fees provide more certainty and incentive to the agent for greater efficiency rather than ‘n’ time-based hourly rate charges.

Below are some approximate costs ‘from filing to grant’ in select jurisdictions. These are based on the assumption that the original specification was drafted in English, prosecuted in the United States and then sent through one law firm as a single point of contact:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Approximate total cost from filing to grant in US$ (not including maintenance/annuity fees)</th>
</tr>
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<tbody>
<tr>
<td>Canada</td>
<td>6,000</td>
</tr>
<tr>
<td>Australia, Mexico</td>
<td>8,000</td>
</tr>
<tr>
<td>Brazil, China, Korea</td>
<td>9,500</td>
</tr>
<tr>
<td>Germany, Japan, United Kingdom</td>
<td>11,000</td>
</tr>
<tr>
<td>Europe (EPO)</td>
<td>16,000</td>
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**Get a precise quotation**

We know you want price certainty. Our motto and now yours is ‘no mysteries, no surprises.’ Although there are many variables affecting pricing, you should receive a precise quotation for each step in the process.

For example, to aid in fee certainty, Dennemeyer has introduced a Flat Fee Prosecution service for foreign filings. The Flat Fee Prosecution service provides a below average cost of traditional patent prosecution that helps clients enjoy significant savings and budget predictability for their international prosecution work. The fixed fee includes filing, prosecution, grant, as well as official fees and translations, if required.

For additional information on the Flat Fee Prosecution service, visit [www.dennemeyer.com](http://www.dennemeyer.com) or email [info-ffm@dennemeyer-law.com](mailto:info-ffm@dennemeyer-law.com).
# The patent process

## Where foreign filings fit

<table>
<thead>
<tr>
<th>Phase</th>
<th>Timeframe</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Provisional</strong></td>
<td>Month 0</td>
<td>If you are using provisional patents as part of your strategy, ensure that it is filed before any disclosure (see &quot;Novelty&quot; discussed p.14) to preserve your right to file in absolute novelty jurisdictions. Ensure that the provisional constitutes 'enabling disclosure.'</td>
</tr>
<tr>
<td><strong>PCT or Convention</strong></td>
<td>Month 0-12</td>
<td>Draft and file non-provisional patent application. A common strategy is to file a US application and a PCT application at the same time. If you have not filed a provisional, this first filing must be before any disclosure (see &quot;Novelty&quot; p.14). If you are not filing a PCT application, file direct convention applications in all jurisdictions within 12 months of the first filing (see &quot;Priority&quot; p.14).</td>
</tr>
<tr>
<td><strong>Localize</strong></td>
<td>Month 30</td>
<td>If you filed a PCT application, before month 30 be sure to file the 'national' or 'regional' phase in each country or region (eg. Europe) that you want to claim patent rights in. Claim priority from your first filing (e.g. provisional or US utility filing) and perhaps subsequent filings as well.</td>
</tr>
<tr>
<td><strong>Prosecution</strong></td>
<td>Month 30-72 (approximately)</td>
<td>The patent application must be &quot;prosecuted&quot; separately in each country (i.e. the examiner in each country must be convinced as to what claims you are entitled to). This back-and-forth with the examiner can take several years. Coordination among your patent agents/attorneys around the world can dramatically reduce costs at this phase.</td>
</tr>
<tr>
<td><strong>Grant</strong></td>
<td>Month 30-72</td>
<td>If one or more of your claims is allowed, a patent with those claims will be granted. These allowed claims precisely define the scope of your 'monopoly' rights.</td>
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<tr>
<td>------------------</td>
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<tr>
<td></td>
<td></td>
<td>Generally, you are entitled to damages for infringement from the date of grant and not before.</td>
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<tr>
<td><strong>Maintenance</strong></td>
<td>Year 3-20</td>
<td>Maintain your patent rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&quot;Maintenance&quot; or &quot;annuity&quot; fees are payable during the life of the patent in most countries, from the time of filing (and hence during and after prosecution).</td>
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<td></td>
<td></td>
<td>Fees vary from country to country and by year. Generally they rise with each passing year.</td>
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<td></td>
<td></td>
<td>If the applicable maintenance fees are not paid, the patent will lapse.</td>
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The PCT system

PCT Filing at month 12
The government fees to file the application at month 12 under the Patent Cooperation Treaty filing (“PCT”) are approximately $3500. This is substantially more, for instance, than the USPTO fees, but you retain the right to file worldwide and gain a search and preliminary opinion from an examiner.

PCT National Entry at month 30
If you make use of the Patent Co-operation Treaty for filings in many counties, you must complete the national entry phase for a majority of countries at month 30. You should anticipate substantial costs for government fees, local representation and translation fees at this stage.

As a result, it makes sense to plan well in advance of month 30 regarding what countries you want to enter and how much advance preparation will be required.

PCT Regional Phase Entry in Europe at month 31
The deadline for filing an application at the European Patent Office (EPO) from an initial PCT application is month 31, not month 30. However, EPO fees, which include search and examination fees are substantial (approximately $5000, or 3500 €).

As an alternative to filing EPO applications at month 31, we recommend that you consider the potential to get ‘substantially similar’ patent protection by filing national phase applications in a select number of European countries.

For instance, applications filed directly in the United Kingdom and Germany are substantially less costly than an EPO filing, yet result in protection in the two largest economies in Europe that also have very well established patent legal systems for enforcement purposes.
Of course, with this strategy you will not have protection in the rest of Europe, so you will need to determine if that substantially reduces the value of the patent.

**PCT National Entry in Canada to month 42**

A quirk of Canadian patent practice permits national entries up to 12 months after the deadline at month 30. All that is required is a ‘reinstatement fee’ of $250 CDN.

**No PCT in Taiwan**

Taiwan is not a member of the PCT systems. To properly claim priority, patents in Taiwan must be filed under the Paris Convention by ‘month 12.’
Key principles

Relevant to foreign filing

**Novelty**

Unlike the United States (and Canada), most jurisdictions of the world are ‘absolute novelty’ jurisdictions; the application to which you claim priority must have been filed before the invention has been disclosed to the public anywhere in the world.

Put another way, the 12 month grace period for disclosures by the inventor found in the United States (and Canada) is the exception to the norm. In most jurisdictions, the inventor cannot have disclosed the invention to the public anywhere before the first patent application is filed.

**Disclosure**

The rules for what constitutes public disclosure vary from jurisdiction to jurisdiction. For instance, in many jurisdictions, disclosure must be ‘enabling disclosure’ (a person of ordinary skill in the art must be able to determine the invention without undue research or experimentation).

Thus, many jurisdictions do not have an on-sale bar, as the U.S. does, that automatically deems disclosure to take place when a product which embodies the invention is made available for sale.

**Priority**

Every filing cannot be the first filing, and every filing cannot be made before the invention has been disclosed. Accordingly, the concept of ‘claiming priority’ from an earlier filing is obviously important for foreign filings. The Paris Convention establishes a regime whereby it is possible to file directly in most jurisdictions within 12 months of a first filing, while claiming priority back to the first filing.
Similarly, the PCT regime permits substantially deferred filings to at least month 30, which claims priority to the original filing. This treaty-sanctioned deferral is an express end-run around the novelty requirements that would otherwise bar such a late filing.

**CIPs**

Most jurisdictions do not have a continuation-in-part [CIP] practice like the United States. In fact, because most CIPs are filed well after the initial application is published (at month 18 by the USPTO), CIPs cannot be filed in most jurisdictions outside the U.S. The original application will be cited as disabling prior art against the CIP, rendering the CIP ‘not novel’ and thus not patentable.

**Claims**

Claim practice varies quite widely between jurisdictions. This affects structure, the number of claims, and the text of the specification. For instance, in Europe, it is common to only have one claim of each ‘type’ (product, process, system), and thus multiple dependent claims are very common. Similarly, just as it is expensive to file multiple dependent claims in the United States, it is extremely expensive to file more than 20 independent claims in Europe. Also, in Europe, examiners look for direct textual support for each claim in the specification, so it is often advisable to review (and sometimes amend) the text to ensure that each claim is properly supported – and, if possible, to make voluntary amendments at filing to avoid later problems in prosecution.

**Translation**

A number of jurisdictions, such as China, Japan and Korea, require translation of the entire application (specification and claims) into the domestic official language; others require just the claims to be translated. Moreover, if the applicant wants to review and comment on each step of prosecution, every aspect of the prosecution will need to be translated.

Translations substantially increases the cost and complexity of patenting; it adds extra effort and cost at each step of filing and prosecution, and makes it that much harder to
know precisely what rights have been secured locally. We understand why patentees with limited budgets may want to restrict their filings to jurisdictions that accept applications filed in English (including, for instance, Europe, Canada, Australia, South Africa, Singapore and India).

However, ultimately, we believe that with proper planning, an organization translation can be managed cost-effectively and should not be an insuperable barrier to patenting. Many of the most important emerging countries of the world (including Brazil, Russia, etc.) require translations. However, reputable domestic agents have access to networks of strong, cost-effective translators and will ensure that this issue is dealt with properly for you. Equally, local agents can often be entrusted to achieve particular objectives without the requirement to translate every piece of correspondence for review by the applicant.
Patentability

Different jurisdictions have different rules about precisely what is and is not patentable subject matter. Some of the most contentious areas include software, business methods, and methods of medical treatment (patentable in the United States, not patentable in Canada and India, for instance).

Substantive local law can dramatically affect the scope of allowable claims, and can have a strong influence on where foreign filings are worth pursuing. However, we recommend that in the main you try to avoid getting overly concerned about local variations of the law.

Patent law in the world’s major jurisdictions is more similar than it is different, and if you have great partners assisting you, they will make the appropriate translations and explanations to guide you through local nuances.

**Software**

In most jurisdictions, software is not ‘per se’ patentable. The actual source code is almost always protected by copyright, but that protects against copying and does not protect the idea itself.

Inventions that meet the requirements for being patentable inventions, which happen to be embodied or performed through software, often are patentable. The crucial distinction is whether the invention stands alone from the software. This is a complex area, with considerable regional variation that should be considered when forming your patent strategy.

**Business Methods**

Although algorithms, abstract theorems and laws of nature are not patentable, some business methods (ways of carrying on business) that are less abstract and more concrete may be patentable in some jurisdictions.

This is a complex area and difficult to predict, with rules in flux and courts in disagreement.
**Obviousness**

Obviousness is one of the most important concepts in patenting. European practice differs from U.S. practice and the terminology is quite different. This can have substantive consequences to patentability (for instance, with ‘software’ patents). However, a useful starting assumption is that while the terminology is different, the outcome will likely be similar.
Using professionals

Patent Agents & Attorneys

There are several key considerations to guide you in the selection of a local agent.

- If the issue is the capability of the local agent to assist with prosecution in their locale of an already drafted patent applicant, make sure that you focus on their expertise in this area and do not get distracted by irrelevant considerations. For instance, skill in litigation and enforcement is not relevant at this stage.

- The size of a firm is a weak proxy for the expertise or efficiency of the attorney handling your file. Your file does not need to be handled by an army to be handled well – it needs to be handled by a good team, usually not much bigger than a ‘golfer and caddy.’

- We like flat fees rather than hourly charges. Flat fees reduce uncertainty, and ensure that the agent is incented to be efficient.

- Responsiveness is very important. Good local agents do not sit on files or correspondence. Delays and urgency are the enemies of quality and cost-effectiveness.

- The local agent should be an expert in local patent prosecution, but you do not need them to teach you their law (or pontificate about it) – you need them to apply their expertise to your case.

- Clarity, efficiency, and quality usually go hand in hand. Good local agents can usually tell you quickly and clearly what your rights and obligations are in their country. As a general rule, the best agents know what things cost and can give clear price quotes quickly.


**Powers of attorney**

The applicant for a patent in most jurisdictions must provide the patent attorney of record in that jurisdiction with a Power of Attorney. Accordingly, coordinating the various powers of attorney is an important exercise. Creating greater efficiency with proper planning will save you a great deal of time and grief.

**Changing patent attorneys**

In most jurisdictions, an applicant can change their patent attorney of record on a pending application or granted patent to another attorney licensed to practice in that jurisdiction at any time.

In order to change attorneys, the applicant must ‘revoke’ their patent attorney of record and replace them with a new one. To effect such a change, the applicant must complete and file the appropriate form for the jurisdiction in question.
Ownership and Assignments

Get it right ASAP! In any event, before month 30

Best practice is to have the inventor sign all assignments that may be necessary during the life of the patent as soon as possible. The time before you file the provisional is ideal and before you file any non-provisional utility application (month 0 to month 12) is definitely preferred.

It is often necessary to register an assignment when the owner is anyone other than the inventor. Some countries charge a government fee to register an assignment and local attorneys usually charge one. Therefore, ideally, the PCT application should properly reflect the ownership of the patent before the national phase filings. Otherwise, the title will have to be rectified ‘country by country,’ which will be time-consuming and expensive.

An assignment of a patent must be signed and dated by the assignor(s). Although not mandatory in all jurisdictions, it is preferable that the signature is witnessed by another individual. Best practice is to also have the assignment signed by the assignee and to have the entire assignment notarized. Some countries require originals, so having multiple originals prepared can be helpful. Also, some countries require it to be in the language of the country and with further local formalities, such as legalization. If you know up front where you intend to file, you can ensure that all formalities are met the first time; this saves an enormous amount of hassle and cost.
Filing strategies
Where to file your patents

A strategy is required

You must have a strategy for determining where to file your patent application. It costs money for each jurisdiction where you file a patent. These costs include government filing and maintenance fees, translation costs, and attorney fees for local representation and prosecution. This can easily run into the thousands of dollars for each country. Accordingly, while it is rare that you should not apply in the United States, beyond that the scope of application varies greatly based on your budget and the nature of your product and industry. On the other hand, however, the US represents less than 25% of the world economy (and is shrinking in relative terms), so you need to have a strategy for ‘the rest of the world.’ Even if your strategy is to not file outside the US, this should be planned and not accidental.

The theory

You should apply if the investment in a domestic patent will produce a positive return on investment over the life of the patent relative to investing the funds in other aspects of the business. Unfortunately, you cannot determine this with certainty, as the calculation depends on a number of unknowns and contingencies. To calculate this, seven [7] factors you need to consider include:

1) The cost of securing the domestic patent. You can make a decent estimate of this.

2) The cost of enforcing the domestic patent. This is unknowable, but should be estimated as a large number.

3) The likelihood that the patent application will progress to a valuable, issued and enforceable patent. Considerations include:

   a) Approximately 50% of US applications are abandoned.
b) A large number (around 50%) of patents are invalidated when litigated in the US.

c) Many valid patents end up being relatively easy to ‘design around.’ You should assume a high failure rate, over the order of 80%.

d) In some jurisdictions the substantive patent law will help or hinder you in terms of how likely it is that broad claims will be allowed. For instance, some jurisdictions (e.g. Canada, India) preclude patenting methods of medical treatment, and some jurisdictions (e.g. Europe) do not grant broad business method or software patents.

4) **Your cost of capital.** If you are a start-up, this will be high and will drive down the value of a current patent application.

5) **The cost of capital of any acquirer of your business or invention** (or strategic licensee). This will likely be lower than yours if you sell or license to a mature business.

6) **The margins on the product** that embodies the invention.

7) **The incremental revenue** that can be attributed to the patented invention.

A rough rule of thumb is that a domestic patent will pay off, but only if the patented invention will lead to incremental revenue in that jurisdiction such that a ‘reasonable royalty’ is more than the patent costs.

For instance, if you assume that domestic patent costs will be $10,000, that a reasonable royalty rate would be 4%, and add a ‘fudge factor’ of 50%, then you will conclude that the patent needs to support incremental domestic revenue of $500,000 for the patent to ‘pay off.’

It is seductive to conceive of patents as applicable to ‘new things,’ but careful analysis suggests that patents on inventions that reduce costs for customers in a pre-existing and large industry are most likely to pay off. For instance, an invention that reduces the energy consumed to make a commercial product like paper is more likely to pay off than
many new ‘nice to have’ consumer products. This principle fits well with the incremental domestic revenue rule of thumb, as incremental revenue attributable to the patented invention is much easier to identify in an established and mature industry than a rapidly changing, turbulent one.

**Where to file**

Generally, you want to patent:

1) Where there will be a large market for the product or service that embodies the invention, and

2) Where the ‘product’ will be manufactured or the service provided, if not the same as (1). For instance, consider patenting semiconductor inventions in Taiwan, as it has a global presence in semiconductor manufacturing.

With respect to item (1) the factors to consider include:

- The size of the potential market for the invention in each country.
- Consider the geography and cultural factors. Some inventions are specific to certain industries that are geographically-restrained or more relevant in certain cultures. For instance, the petroleum extraction industry is a source of a number of inventions. Patents will be most valuable in other countries that also participate in petroleum extraction (e.g. the United States, Russia, Norway, Canada, Brazil, and the Gulf States.)
- If the invention is not constrained by geography, the market size in any given country is roughly correlated to Gross Domestic Product for that country.

  - Some countries, like India, have large populations. Some, like Scandinavia, have affluent populations. Clearly, the United States has the highest combination of affluence and population for many products and that is why it ranks so highly as a preferred jurisdiction to patent in. (It also has robust patent laws – see below). Some, like Canada, have a higher combination of affluence and population than you might expect.
You can cover roughly 60% of current world GDP by filing in the United States, Germany, Japan and China, and roughly 75% of current world GDP by adding Canada and Australia.

You may want to consider market growth over the life of the patent, and hence should consider the BRIC nations (Brazil, Russia, India & China).

Sometimes it makes sense to focus on where products are manufactured rather than used. For instance, consumer electronics are used worldwide, but only manufactured in a few countries. Focusing on these countries could be very effective at a modest cost. However, manufacturing is quite mobile over a few years. Another interesting option is to consider ‘trans-shipment points’ and local hubs, such as Singapore and Panama.

The cost of filing, prosecuting and maintaining the patent in each country.

Some countries have low filing fees and others are quite costly. For instance, the cost of filing, including translation costs, is high in Japan.

Some countries have low prosecution costs. Also, many countries belong to regional conventions that can reduce patent costs (Europe, Africa etc.). In Canada, using the “patent prosecution highway” can dramatically lower the cost of prosecution in Canada if you are already prosecuting in a country such as the United States.

The cost and likelihood of enforcing the patent in the country. A patent is nothing more than ‘a call option to sue for infringement.’ To enforce the patent, you (or an acquirer or licensee) must sue to enforce it, in that country.

Legal systems vary and the Rule of Law is better established in some countries than others. If enforcement in a country is likely to be prohibitively expensive and/or extraordinarily slow or capricious, the value of a patent in that country is seriously impaired.

However, some countries, like China, that lack a strong history of the Rule of Law are making rapid improvements to the robustness of their patent laws and enforcement.
What you really need to consider (but certainly cannot ‘know’) is what the Rule of Law will be like in the second half of the patent term, years 10-20.

You should always consider the potential value of a patent, not just to your business, but to a potential acquirer of your business or licensing partner. You may not have a global presence, but someone else (a peer, competitor, or potential acquirer) may have significant operations in locations that you do not operate in.

The best patent filing strategies are strongly coupled to a patent monetization strategy, as it may be possible to monetize patents in markets your business has no operations in.

**Filing examples for industry sectors**

To help demonstrate your choices, here are three [3] examples of how different industry sectors will affect where you will consider patent filing.

**Example 1: Automotive company with potential patent filing in DE, US, CN**

Automobile design and manufacture is a capital intensive activity. It is rarely cost-effective to sell a car model in a small market without simultaneously selling the same model in a large adjacent market. For instance, while many cars are made and purchased in Mexico and Canada, it would be very rare to make a model for either of these markets that is not substantially the same as a model sold in the United States. Accordingly, patent protection in the US alone may be sufficient to in effect secure a monopoly across all three countries. Similarly, protection in Germany may, in practice, be sufficient to secure de facto monopoly across Europe.

**Example 2: IT company with potential patent filing in US,CN,JP,EP, KR,TW**

The design and manufacture of electronics is expensive and highly specialized with the manufacture often taking place in a different location from the design. Design efforts are largely clustered in a few key countries. It’s in two countries, Korea and Taiwan, where there are dense concentrations of some of the largest and most sophisticated manufacturers. In light of the cost and expertise of reproducing these factories, this is unlikely to change quickly. As a result, de facto worldwide protection of inventions
related to design and manufacture of electronics and products that incorporate them can often be accomplished by securing patent rights in a relatively short, highly targeted list of countries.

**Example 3: Pharmaceutical company with potential patent filing worldwide**

Pharmaceutical products are often very expensive and difficult to develop and license, and relatively inexpensive to manufacture and copy. Domestic markets in a great many countries can often be highly valuable, yet can often be met using local contract manufacturers without specialist expertise or investment. Accordingly, the only way to prevent copying and to maximize the recovery of the initial R&D investment is to patent worldwide (i.e. in a very wide range of countries).

**Supplementary Protection Certificate (SPC)**

One aspect to consider when filing a patent in a European Union member country is an SPC. In European Union member countries, a supplementary protection certificate (SPC) is available to extend the duration of the exclusive monopoly for certain patents. An SPC comes into force after expiry of a patent upon which it is based. SPCs are available for various regulated, biologically active agents, namely human or veterinary medicaments and plant protection products (e.g. insecticides and herbicides). SPCs are intended to encourage innovation by compensating for the long time needed to obtain regulatory approval of these products. An SPC comes into force only after the corresponding general patent expires and normally has a maximum lifetime of five years.

**Foreign filing licenses**

If you filed first in the United States, in order to file abroad you will require a foreign filing license. This is usually a formality, provided when you receive your initial filing receipt. However, if at the time of application you requested that the applicant not be published, or, the invention implicates certain specific fields of technology (e.g. nuclear power or weapons of mass destruction), then you will have to take specific steps to secure a foreign filing license in time.
Litigation

The prospect of foreign patent litigation can be daunting. However, there is no reason to avoid patenting simply because of the cost of litigation.

In particular, patentees must remember that litigation is a two-way street. Without litigation, there can be no patent enforcement. Accordingly, a robust litigation environment is beneficial for patentees.

It is true that patent litigation can be expensive. However, these fees are part of doing business, and often offset by the magnitude of damages awards, and increasingly by ‘loser pays’ fee recovery awards.

We view the right strategy for patent holders who believe that they do not have the resources to litigate successfully (at all, or in particular jurisdictions) is to seek out partners with financial strength – either licensees, or attorneys who work on contingency, or other forms of financial partners. Failing to patent abroad simply because of potential cost of patent litigation is bad strategy – it is an unwarranted and too early of a concession of defeat. Moreover, you cannot easily control if someone might sue you for patent infringement. If you own some patents, your patents can provide useful bargaining leverage for resolving these disputes. If you have an invention that might be valuable to a large deep-pocketed entity, your best strategy is usually to protect the invention and then immediately start trying to form partnerships with entities that have the resources to get the most value from the patent.

The quality of the court systems and the appreciation for the Rule of Law in the United Kingdom and Germany are two of the most important reasons we often recommend patenting in these countries. Both countries have excellent patent courts, and often redress can be obtained from the courts on patent matters faster and at substantially less cost than in the United States.
Maintenance fees

Most countries charge “annuity fees” or “maintenance fees” in order to maintain your patent rights during the term of the patent (20 years). The amount often escalates with age. Some countries, like Europe and Canada, charge annual fees. Other jurisdictions, like the United States, impose fees less frequently. In any event, maintenance costs can be quite significant especially if your patent has been granted in multiple jurisdictions. This provides a hefty incentive to ‘use it, license it, or drop it.’

We strongly recommend that unless you have a significant in-house foreign portfolio, you should outsource your maintenance fee requirements to a firm with extensive annuity fee capabilities. A specialty firm will improve your portfolio management, help you to avoid missing payments, and significantly reduce the professional fees associated with maintaining patents compared to an ad hoc approach.
Go forth and file, if it fits

Conclusion

Filing abroad is an important tool to extend the protection afforded by a patent. A good patent strategy must include a plan for ‘where to file, and where not to file,’ which usually extends well beyond the one jurisdiction where the application was first filed. Applicants who are filing only in the United States are barely scratching the surface of what is possible to maximize the value of their patent portfolio.

Foreign filings can be difficult and stressful, but this does not need to be the case. Foreign filings need not be complicated, and they need not be frightening.

Good planning and good partners can make all the difference in the world. A little advance preparation and careful selection of local agents can ensure that foreign filings are smooth, efficient, and cost-effective.

For attorneys, foreign filings can be a wonderful way to increase the range services they provide to their clients – foreign filings add value for applicants, and in the process, add value to the attorney’s practice.

For companies, foreign filing is a lever to extend and deepen the value of the IP portfolio, capitalizing on existing innovation.

Just remember,

“Never venture, never win.”

*Sun Tzu, The Art of War*
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