

## PATENTS, A USER'S GUIDE ...

### 1. What is a patent?

A patent is a protective title guaranteed by the State which gives its owner exclusive rights over the products of the invention, including manufacturing, importing and sales. It is also an exchange between the public and the inventor through which the latter discloses his invention in return for exclusive protection for a limited period of time (generally 20 years). Thus, the patent is also a means of advancing technology.

Patents create a monopoly position and enable research costs to be made profitable by exploiting the monopoly and possibly by granting licences. A distinction must be made between a patent application, which is the equivalent of a request, and a patent which is a title granted by an office generally after an examination.

Patents form part of the asset base of a business and consequently part of its value. Any business that wishes to be innovative must have a patent portfolio.

### 2. What can be patented?

A process, a device or a technical improvement can be protected. This may apply for example to a manufacturing method, an automatic door opening device or a surface treatment.

Three conditions must be fulfilled:

- Novelty, i.e. nothing identical exists, either on the market or simply in a patent specification or any other publication. Equivalents are allowed in the comparison between the prior art and the invention, for example a helical spring can be replaced by a flexible plastic strip.
- Inventive step, i.e. in a sense the inventive effort that leads to the invention. If a metal part is replaced by a plastic part (for example a lathe handle), this may be novel but lack inventive step since available materials are simply being used. Conversely, if in the past, it was not possible to replace a metal part by a plastic part for reasons of thermal or mechanical stress, the development of a new plastic is inventive.
- Industrial application, i.e. the possibility of applying the invention industrially. This condition rarely causes any problems.

Novelty is defined in relation to any document published before the filing date of the patent application, in whatever language or place, or the use of any similar product.



### 3. When should the invention be protected?

It should not be forgotten that as soon as an invention is disclosed, it can no longer form the subject of a patent application. However, such disclosure is only effective if the invention leaves the business, since employees are automatically subject to confidentiality. Great care must therefore be taken in relationships with sub-contractors and suppliers.

It is important to realize that patent rights belong to the first person to file. Consequently, the more quickly the patent is filed, the greater the chances of being the first to file.

### 4. What does a patent document contain?

The document is divided into three parts: the description, the claim(s) and the drawings. The description describes the state of the art, the problem raised and the solution provided for overcoming the drawbacks observed. The claims determine the scope of the patent and are extremely important. The drawings illustrate the invention making it clear and comprehensible.

While the inventor can greatly contribute to drafting the description and the drawings, it is strongly recommended that the claims be entrusted to a professional. Indeed, the scope of protection will be conferred by the claims and even the most original description loses all value with claims that are, for example, too descriptive.

### 5. Which countries should be covered?

Protection can only be granted by a national office, and no worldwide patent exists. In order to obtain protection, the applicant has to apply for his rights in all of the countries where he wishes to have protection. Since it is materially impossible to file in all countries at the same time (not to mention the expense this would entail), a convention linking more than 160 countries (the Paris Convention), establishes the principle of recognising a first filing made in one of the signatory countries, provided that the same application is filed in the other countries within 12 months of the filing date of the first application. This is the priority right principle. This twelve month period (the priority period) allows time for the economical potential of the invention to be evaluated before the significant expenses linked to international filing (translation fees, official fees ...) are incurred.

It is often difficult, after one year, to determine the economical future of an invention. This is why another convention, ratified by more than 120 countries (called the PCT) allows a single "international" filing to be made, which defers the period for filing in each country to two and a half years (30 months) from the first filing date.

For European countries, instead of filing in each country, it is possible to file an application with the European Patent Office, which, after examination, grants a patent which can enter into force in the 31 European countries party to the European Patent Convention.



This centralised examination means that patents granted by the European Patent Office have a high level of credibility, while minimising the initial costs.

It should be noted that the countries abandoned at each selection step **cannot be recovered** in the future. Each geographical decision must be approached with long-term vision since it is not possible, three years later, to cover a country that suddenly becomes an interesting market.

In order to determine the countries in which the invention should be protected, two factors have to be taken into account, namely the long-term target market and the countries in which infringement is likely. In fact, if the target market criterion is obvious, it should not be forgotten that, since it is economically difficult to protect an invention in every country, one needs to determine the countries which have the industrial capacity to infringe the invention and which could consequently export it into other countries where the protection has no effect. The invention is consequently also protected in these “manufacturing » countries, even if there is no intention to market the invention there.

## 6. Maintaining a patent in force

Most national offices require the payment of annual fees to maintain the patent in force. This is why geographical cover must be in line with marketing objectives. It is important to consider these objectives long term since, if the annual fee is not paid, the patent irrecoverably loses its rights and, after additional time periods, is irrecoverably lost.

## 7. Research, freedom of exploitation

Significant sums are notoriously invested in developing things that already exist. This is, first of all, a waste of time and energy, and secondly, it can lead to legal proceedings instituted by patent owners. The entirely innocent use of a patented product does not prevent the patent owner from enforcing his rights. This is why we recommend making a prior art search before developing a new project. This can also point development in a new direction and give an indication as to whether the result of any development is patentable.

## 8. Role of the patent agent

By virtue of his dual technical and legal training, the patent agent is the link between the technical nature of the invention and the legal aspects of all patent-related procedures. By virtue of his general knowledge, he can cast a fresh eye on the subject and his objective is to ensure optimum protection and, if possible, to extend protection to other embodiments of the invention. His main tasks are as follows:

- conducting prior art searches, determining freedom of exploitation,
- advising on the patentability of an invention,
- drafting patent applications
- defending applications before national offices
- carrying out the procedures necessary to maintain patents in force
- advising in the event of infringement



- monitoring the “patent” activities of competitors
- where necessary, opposing the grant of competitors’ patents

## 9. What is the procedure?

Several alternatives exist depending upon the type of invention and the objective sought by the inventor (or the applicant company). We will describe a typical procedure for an international industrial approach.

### a. Preliminary search

On the basis of a brief description and perhaps a drawing, we will make a prior art search in databases comprising millions of documents. This search is quick and gives a good picture of activity in the area concerned. An analysis of the documents found will determine whether the invention can be exploited freely and whether it has a good chance of being patented.

### b. Drafting the application and filing

Based on the information from the inventor and the documents uncovered by our search, we will draft an application highlighting the improvements provided by the invention in relation to the state of the art. After approval by the inventor, the application will be filed at a national or regional office, for example the European Patent Office.

### c. Study of the search report

Around 10 months later, i.e. before the priority period has elapsed, we will receive an official search report mentioning all of the documents that could be an obstacle to a patent being granted. These documents are forwarded to the applicant accompanied by an analysis of their relevance. Corrections can be made to the application in order to take account of the teaching of such documents.

### d. International extension

If, in light of the documents cited, it has been decided to proceed with protection, we will file an international application (PCT) and in parallel, an application in countries which are not members of the convention. During the international phase, an examination is carried out, after which the examiner delivers an opinion as to patentability. The opinion precedes the end of the two and a half year period, which ends this international phase.

### e. National phases

At the end of the two and a half year period, the international application has to be filed in those countries (from the more than one hundred and twenty signatories to the Convention) in which protection is desired. These applications are transmitted to the national offices, for example of the United States, Australia, Canada and Japan. In Europe, the European Patent Office centralizes the examination for 31 European countries (only Norway is missing from the western European countries). In each of the non-European countries, the application will be examined in accordance with national



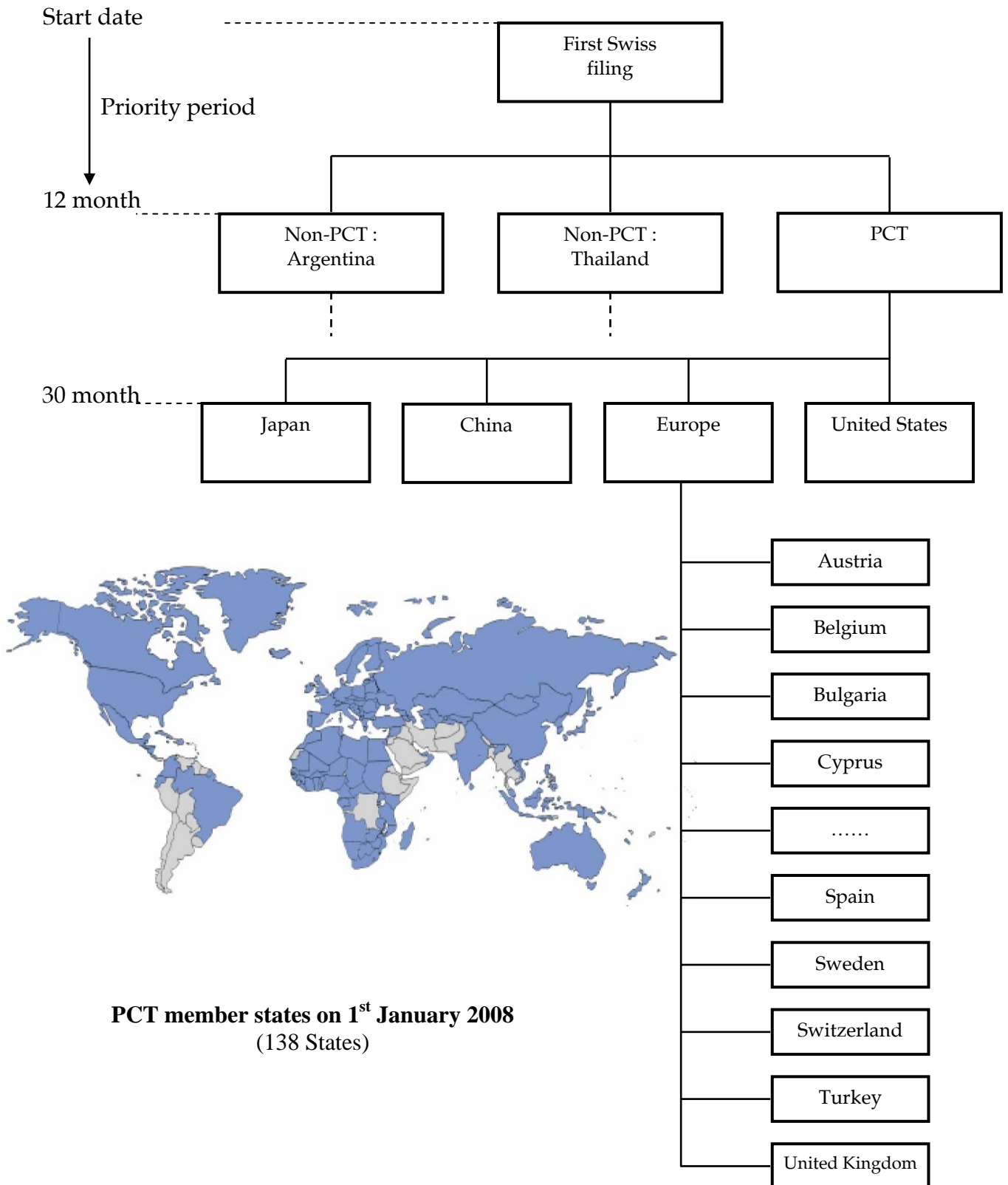
criteria with, as backdrop, the international preliminary examination report, which constitutes a non-binding opinion for such offices, but which is often followed. In Europe, the application will be examined once for all of the designated countries together. Where appropriate, a European patent can then be granted.

#### f. Validation of a European patent

When the European Office decides to grant a patent, this right has to be recognised in the European countries in which protection is desired. This procedure is purely administrative and involves, in most countries, filing a translation of the text as granted in the national language of the country concerned. The European patent then has the same value as a national patent. The patent is kept in force by the payment of annual fees to the office of each country concerned.

In an alternative, which we will call the « cut price » option, it is possible to eliminate phases a. and c. if one wishes to minimise costs during the first year or if one is sure of holding a novel invention. The first search report, which will provide an assessment of the invention's patentability, will be issued during the international phase, i.e. within approximately 16 months of the first filing date.

It should be noted that other alternatives can apply if only certain countries are of interest, for example by filing the first application in Switzerland and extending protection to Germany and France within the priority period, provided that protection is envisaged only for those countries.





## 10. Infringement

First of all, one must always be aware of this possibility during all of the preceding phases, since in a sense, this is the « acid test » for a patent, although only a very small number of patents encounter this problem. This is why a high quality patent needs to be obtained, i.e. having undergone a complete examination (for example a European patent) rather than obtaining a formal patent, i.e. with no examination (for example a Swiss patent).

An infringement action is always conducted at the national level, analogous with the protection of the patent. This is why the action can be instituted in all of the countries where the alleged infringer is active. It should be noted that it is prudent to start off with a large country (Germany, France) with a good legal culture in this area since, strengthened by a decision from that country, the action will then proceed more easily in other countries.

There are two possible scenarios: either one can be accused of infringement, or one can accuse a competitor of infringement. In both cases, it is the patent that is immediately targeted and the party opposing the patent will try to demonstrate that it has been unduly granted. If, in light of the documents available for the proceedings, the opposing party deems that his chances of success are too small, he will try to negotiate an agreement with the patent owner to obtain an exploitation licence. If the patent owner refuses, the opposing party will be obliged to stop any manufacturing and marketing of the contentious product.