

To be (respected) or not to be – How German SMEs/Universities protect their Inventions

Heinz Goddar

Boehmert & Boehmert

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Heinz Goddar

Patent Strategy

- Developing Invention(s)
- Harvesting Invention(s)
- Securing ownership of invention(s)
- Patent application – yes or no?
- Patent application – where and how?
 - ◆ Domestic application
 - ◆ Foreign protection
 - ◆ PCT
 - ◆ EPC
- To maintain or give up

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30/31/07/09 – Patent Strategy

Patent Application – Yes or No?

- Can invention be kept secret for “absolute reasons“?
- Can invention be kept secret for “relative reasons“?
 - ◆ Persons involved internally
 - ◆ External cooperation
 - ◆ Secrecy agreements
 - ◆ “Secret“ publication

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30/31/07/09 – Patent Strategy

Patent Application - Where and How?

- Aim: cost reduction
- (External) prior art search?
 - ◆ no, otherwise additional cost about EUR 4.000,00 (search + evaluation)
- Filing at National/Regional Patent Office
 - ◆ with immediate request for search/examination
 - ◆ first search/examination report ~ ten months after filing
 - ◆ cost (official + attorneys' fees): ~ EUR 3.000,00 – 5.000,00 (if external attorneys used)
- Foreign applications – Paris Convention (PC) or PCT? - 4 -

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International Threshold

- Before expiration of Paris Convention (PC) priority year, decision to “internationalize”
 - ◆ based on search/examination report of national/regional Patent Office
 - ◆ based on technical/commercial development
- If decision positive, PCT application
 - ◆ possibly combining several priorities
 - ◆ at national/regional Patent Office or WIPO
 - ◆ Cost: ~ EUR 4.000,00 – 5.000,00 (including official and attorneys' fees)

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30/31/07/09 – Patent Strategy

Commercialization

- Exploring internal possibilities to use the invention
- Search for collaboration (licensing etc.) partner to start immediately after first filing
- If no internal use nor collaboration/licensing partner found before nationalization/regionalization time limit (30 months of PCT)
 - ◆ filing only in very few countries (if at all!)
 - ◆ for universities: generally giving invention back to inventor(s) for private exploitation at own cost/risk

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Cost and Time Slots for Patent Protection

- Preparing and filing 1st patent application
 - ◆ 3.000,00 – 5.000,00 EUR
 - ◆ necessary time < 1 month
- PCT based national applications in countries of interest
 - ◆ within 12 months after first filing date
 - ◆ cost per country ~ 5.000,00 EUR
- PCT application
 - ◆ within 12 months after first filing
 - ◆ cost in total about 4.000,00 - 5.000,00 EUR
- Nationalization/
regionalization of PCT application
 - ◆ within 30/31 months after first filing
 - ◆ cost per country about 3.000,00 – 5.000, 00 EUR

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30/31/07/09 – Patent Strategy

Comparison of Cost and Time Slots (after 1st filing) for Licensing Steps (countries of interest: 10)

- No PCT:
 - ◆ < 12 months – 5.000,00 EUR
 - ◆ > 12 months – additional 50.000,00 EUR
- PCT:
 - ◆ < 30/31 months – additional 5.000,00 EUR
 - ◆ > 30/31 months – additional 50.000,00 EUR
- But: PCT Cost of 5.000,00 EUR more than offset by saved bank interest of ~ 7.500,00 EUR because of 18 months later investment of 50.000,00 EUR for nationalization/regionalization, compared with PC based direct filings -

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Necessary Time Slots (after first filing) for Exploitation/Licensing Steps

- Starting production and/or finding licensee:
6 – 12 months
- Marketing/concluding license: 6 – 12 months
- In total: 18 – 36 months
- Consequence: In case of PCT usually sufficient time (30/31 months) after first filing for necessary steps for commercialization by licensing

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Accessibility of PCT for Non-Members

- At least one applicant or inventor belongs to PCT country
- if “factually“ neither PCT applicant nor inventor from PCT country:
 - ◆ joint PCT application with trustee/co-applicant from PCT country
 - ◆ transfer of partial ownership from trustee/co-applicant of PCT application before/after nationalization/regionalization
- Trustee co-applicant easily available through various IP firms in PCT countries
- Trustee/co-applicant only necessary for 1 designated country

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Commercial Use of IPRs

- Protecting own business
 - ◆ keeping competitors away
- Excluding others from using own IP
- Securing Freedom-to-Operate (FTO)
- Paying for cross-licenses by own licenses
- Licensing out to obtain additional benefits

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How to „Persuade“ IPR Owners to Grant Licenses?

- By governments
 - ◆ public use order
 - ◆ compulsory licensing
- By private enterprises
 - ◆ Concentrating R&D on improvements of product desired to be licensed in
 - ◆ Patenting improvements, particularly in main (home) market(s) of desired/target licensor
 - ◆ Negotiating cross-license with licensor

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30/31/07/09 – Patent Strategy

Reasons for desired (“target”) Licensor to Cross- License

- Obtaining freedom to act with regard to improvement patents held by “desiring” licensee
- Obtaining access to improvement technology developed by desired licensee
 - ◆ Particularly important in case of basic patent(s) of target licensor expiring soon (pharmaceuticals!)

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