

Five Important Points to Control Intellectual Property Costs

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A granted patent is a territorial legal right which enables one to exclude others from practicing, manufacturing and selling the invention claimed in the patent within the relevant territory. In order to obtain patent protection in the U.S. or abroad, it is necessary to file a patent application in each country of interest, while prosecuting each application to grant (taking all necessary steps to obtain a granted patent).

Frequently, it is important to obtain patent coverage outside your company's home market, for example, for marketing reasons such as selling your product in foreign markets, or even due to strategic considerations, such as blocking your competitors. Obtaining such patent coverage requires a separate patent application for each country (or region, in the case of the European patent application) of interest.

It can be very difficult to accurately budget for, let alone control, such international patent costs. Five important points are reviewed below to clarify and control these costs.

Point 1 - Understand the different patent stages and their costs

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A patent application has multiple stages before a granted patent is obtained. Filing the application is only the start. Most countries, including the U.S., require some type of examination process with an examiner, who will typically consider whether the claims must be rejected due to prior art or other types of rejections. Multiple rounds of rejections from the examiner and responses to the examiner are often required.

Some countries also require a request for examination to be filed; this typically provides an opportunity to amend (change) the claims but at additional cost.

All countries require payment of an additional fee once the patent application has been granted, in order for the granted patent to issue.

Understanding of the process and an open, accessible patent agent or attorney is important for remaining educated about the realistic costs associated with each step of the process.

Point 2 - Be practical regarding claim coverage

To be "practical" means understanding the relative cost of obtaining claims of a certain breadth in each country of interest.

For example, you may wish to obtain broad claims in a particular country. Yet, obtaining broad claims may require multiple rounds of communication with the examiner, due to issues of prior art or other problems, incurring correspondingly higher costs. Broader claims also are more difficult to prosecute to issue.

On the other hand, you may want to limit your intellectual property costs in a particular situation. Filing a relatively narrow claim can make obtaining a grant of claims easier; reduce communication with the examiner; and shrink your overall costs.

Claims that are perfectly acceptable in one country may be unattainable in another country, due to different rules or standards for examination. It is important to balance the desire for broad claims with a realistic understanding of the costs involved and the likelihood of success in each country.

Point 3 - If your priorities change, consider dropping one or more applications

Let your business model direct what patents you pursue, not the other way around.

Often your business priorities may change so that one or more countries – or one or more patent applications – become much less relevant to your business. If such a change occurs, it is important to review your patent portfolio and consider dropping one or more applications in one or more countries.

"Zombie" patent applications, which are non-relevant applications for which significant sums are still being paid, are a drain on your company's resources. The

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"zombie" applications may also prevent you from having sufficient funds to draft new applications which may be more important or relevant.

Avoid continuing prosecution of a patent application simply because the application was filed, without considering the ultimate relevance of the application to your current business.

Point 4 -Draft the initial application with all countries of interest in mind.

Different countries have different requirements and "best practice" guidelines for drafting patent applications. While it is impossible to consider all of the different requirements and guidelines for all countries when drafting the patent application, you should know which countries are of particular interest and draft the application with these countries in mind.

For example, for a PCT application (international application which gives you the right to file in hundreds of countries within a certain time period), the description of the invention and the figures cannot generally be changed after filing - only the claims can be changed. Therefore, the PCT application should be drafted according to the rules of the specific countries in which you eventually wish to file. Otherwise, you may not be permitted to make desired changes to the claims at a later date.

Point 5 - Negotiate

While official (governmental) fees are fixed, patent attorney fees are not.

The fees charged by the patent attorney in your home country as well as fees of international patent agents or attorneys (outside of your home country) are negotiable. The extent to which they are negotiable depends upon a wide variety of factors, including the extent of your prior business with the patent agent or attorney and the type of work to be performed.

Attorney fees are particularly negotiable at the time of filing the patent application; in some circumstances, various services are available to assist in low cost filing through reputable patent attorneys. However, it is important to understand the fees being charged and what is included both for budgeting purposes and for negotiating a better deal.

Conclusion

Patents are a powerful tool for protecting your business from competitors and carving out markets for your business worldwide. The proper involvement and understanding of the process will assist you both in saving money and obtaining the coverage which suits your individual business needs and capabilities.

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