PATENTS: A GLOBAL PRIMER

Obtaining patents outside the United States can be complex, but it is "doable."

By George N. Saliba, Managing Editor

Exporting products abroad may be an appealing prospect, given the tepid U.S. economy and our weaker dollar, and obtaining patent protection in foreign countries can be part of an export plan. That said, a company that wishes to protect its "widget" overseas should consult an intellectual property attorney early on, due, in part, to the risk of potentially missing unforgiving international patent filing deadlines, or making other missteps that might imperil overseas patent protection.

The U.S. Patent

First, a patent only affords protection in a designated geographic area, and, as such, a patent obtained via the United States Patent and Trademark Office generally does not have international ramifications, other than the ability to assist in guarding against the importation of infringing foreign products, into the United States. It should be stressed that there is no such thing as an "international patent" that is valid in all countries.

Gregory J. Winsky, of counsel with the law firm and Archer & Greiner, says, for example, "If someone is making a product in China and you don't have a patent in China, but you have a U.S. patent, you don't have the right under U.S. law to make any kind of claim against the manufacturer of that product in China."

An American company can prosper by simply obtaining a U.S. patent and guarding against infringing imports. But if there is any chance that the business may export its products abroad in the future (and it desires patent protection in foreign countries), the company should probably discuss this with a patent attorney even before applying for a U.S. patent.

One reason is that as soon as one applies for a U.S. patent, the clock starts ticking if one aims to obtain patents in foreign countries. A business cannot apply for a U.S. patent and then, say, five years later, apply for patent protection in foreign countries.

Bruce H. Sales, a partner with Lerner David Littenberg Krumholz & Mentlik, LLP, and managing partner of the firm's China office, explains, "There are very strict rules about obtaining patent protection in terms of whether the invention has previously been disclosed to someone, and there are very, very strictly enforced timing provisions, about taking patent applications that are first-filed in the United States, to other jurisdictions."

He adds, "You need to be extremely cautious, because unlike a lot of areas of the law, there is no loophole. If you violate one of those principles, that's the end of the game, and you will not be able to obtain patent protection."

Filing Abroad

Overall, the Patent Cooperation Treaty (PCT) is a centralized filing and administrative system that can, among other things, provide extra time for a company to determine in which countries it wants to file. Another treaty – the Paris Convention – allows a company to file patent applications directly into patent offices around the world. There are advantages and disadvantages to each system, and which avenue a company takes is a strategic question that must

be discussed with its attorney.

Of note, there's also the European Patent Office based in Munich, Germany, which has patent examiners. If a patent is granted, a company would then deliver certificates to patent offices in European member states, for validation.

Filing abroad can be complicated, and Sales, of Lerner David, says, "The real question that the exporter or the businessman has to ask is: 'Where is my market?' ... If you have a pretzel [making machine], you would say, 'My principal market is likely Germany, or Germany and Austria. So, maybe I don't care about all the fancy-pants legal things that I can do. The truth is my market is going to be Germany, 85 percent, or more. I am just going to file like Joe Blow – like Mr. Ordinary – just in the German Patent Office. I don't care about the rest of Europe.'"

Sales stresses, "The critical questions are, again, 'Where is the market?' and 'How do I protect myself in the market?' Now, you can easily imagine that the market is sometimes the entirety of the European Union, sometimes it is a portion of the European Union, and sometimes, as in my example, the product really may be quite specific. You factor those issues into your decision about what is the best approach.

"The German Patent Office is - while very strict about patentability rules - fast, reasonably inexpensive, and the German Court system is excellent and generally viewed around the world as a pro-patent court system. As you are making the analysis [of where to file], you are saying, 'Germany is a very good place to go.' 'The Netherlands is a pretty good place to go.' Other countries in Europe may not be such good places to go; their court systems may be a wreck, their patent offices may be a wreck, and the ability of corruption may be non-trivial.

Michael R. Friscia, of McCarter & English, says, "[Foreign patenting] can be very expensive, and it can far and away eclipse the amount of money that is involved in obtaining U.S. patent protection."

Andrew J. Hollander, of K&L Gates, says, "If you just want to obtain a patent as an ornamental item, don't."

"Those are the kinds of questions with which you start. And your patent attorney should help you with that analysis, because he or she should have that knowledge base, if you are thinking internationally."

Cost

Patenting can be costly, with fees needed for: patent offices, translations, local patent attorneys and patent maintenance fees. Andrew J. Hollander, of counsel at the law firm K&L Gates LLP, advises, "If you just want to obtain a patent as an ornamental item, don't."

Among other things, Hollander says he asks his clients: "What are your commercial prospects in the country? Where is your competition now? Where might they be in the future? Is your product ready to market? Do you need to get funding? Do you want to see how your product or technology fares before plowing money into a national patent application? If [the latter] is the case, then certainly a PCT could have some value."

Regarding the avenue for filing, Hollander generalizes, "If it is four or fewer [countries], you might want to just file in countries individually via the Paris Convention. So, the fewer the countries, and you are sure you want to be there, you go Paris Convention. But, if there are more countries, or if you are uncertain as to how many countries, then you go PCT."

He adds, "The PCT itself costs money. It costs money to, among other things, reserve your right to defer the decision to [file] in different countries. But, that may be well worth the value."

If a company travels the PCT route, it needs to file a PCT application within a 12-month period following its U.S. application. But, this single PCT application can preserve patent filing rights in 145 countries. Ultimately, a company is able to defer foreign national filings (in most countries) for potentially up to 30 months following its initial U.S. application.

Thomas J. Bean, of counsel at Gibbons, P.C., emphasizes, "The flip side of that would be, if you are really about to enter markets in a big way, and you would rather have patent protection sooner than later, then you are probably better off filing directly into your nations of interest, because in this case you really don't want that extra time of deferral that the PCT process provides for you."

Talking broadly about costs, Mi-

chael R. Friscia, a partner with McCarter & English LLP, says, "The costs are on a country-by-country basis, so it depends how widespread you're seeking protection. But, it can be very expensive, and it can far and away eclipse the amount of money that is involved in obtaining U.S. patent protection."

Litigation

Holding a patent is not enough; a company must address what it would do if an entity infringes its patent here in the United States or overseas. Patent litigation in the United States can be extremely time-consuming and notoriously expensive, and, as mentioned, legal climates vary greatly in other countries and regions. For example, Russia is reportedly an extremely difficult environment in which to protect a local patent, while China, surprisingly, receives relatively good reviews from some attorneys interviewed for this article.

Sales, of Lerner David, says, "The United States is by far the most expensive, the most complex, the most difficult patent enforcement system in the world. There are multiple layers of actions you can take in the patent and trademark office, in the U.S. district courts and before the U.S. International Trade Commission. Our discovery process, our constitutional notions of due process and our right to a jury trial all make patent cases in the United States incredibly expensive.

"Most people in the world, including in Western Europe, just cannot believe that complex patent issues are decided by juries in the U.S. It is inconceivable to them, let alone explaining that issue in China or someplace that is not rooted in a common law legal system. As I said before, in many countries you can move quickly and with relatively small cost."

He adds, "If you believe you can accomplish what you want to accomplish in Germany or in China, then you want to consider filing there. If that's where the manufacturing is, that's where the exporting is from, or that's where the market is, then a win there could be just as effective as a win in the United States."

Conclusion

If a business selects a quality patent attorney with international know-how, that patent attorney should be able to guide a company through internation-

al filings and/or perils, and collaborate with overseas counsel, as necessary.

That said, patents should not be viewed in a vacuum, since they are part of the intellectual property continuum which also includes trademarks, copyrights and trade secrets. In today's global economy, companies must design strategies and seek protection on not one, but all of those fronts.