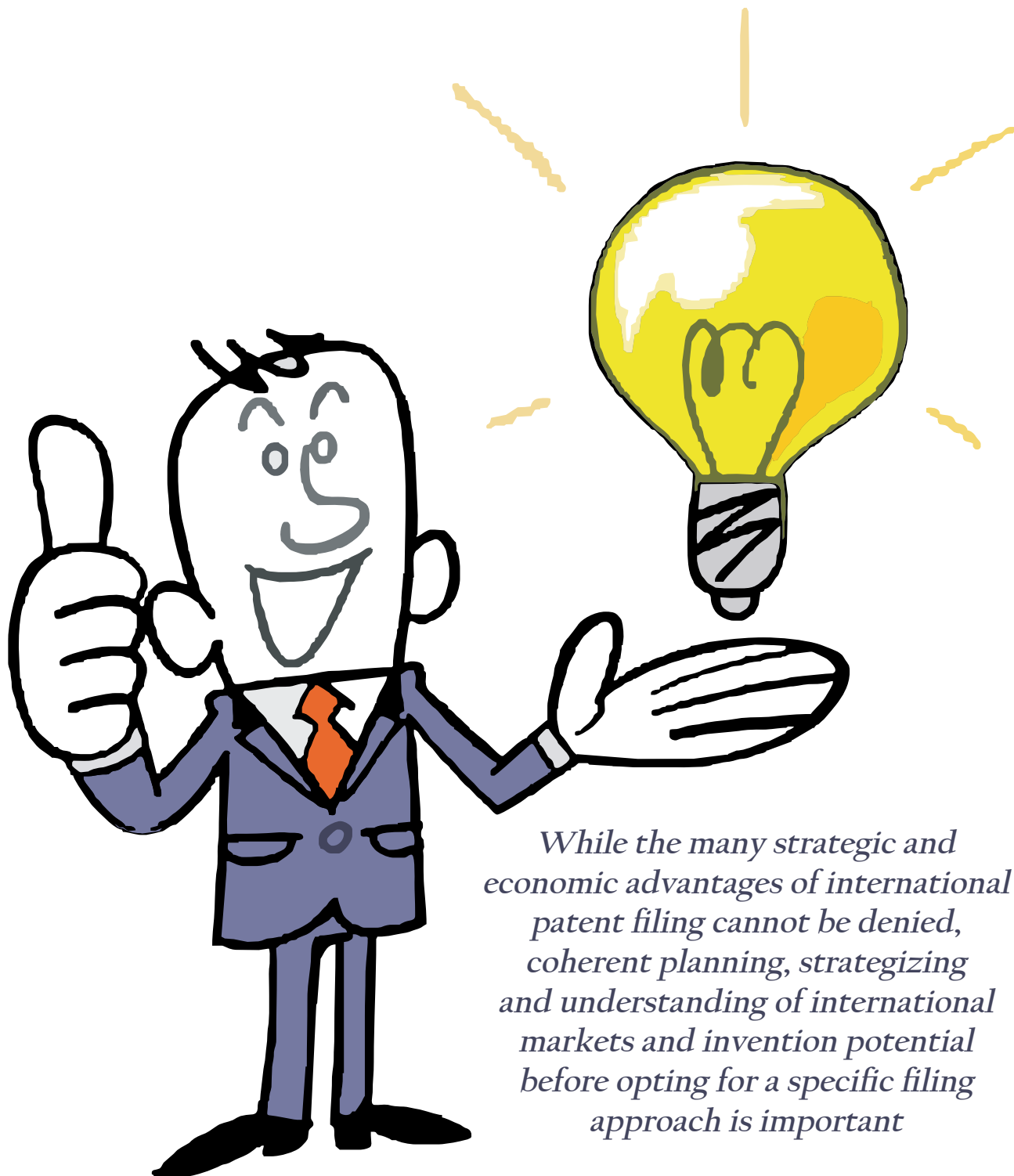


OBTAINING PATENTS INTERNATIONALLY



While the many strategic and economic advantages of international patent filing cannot be denied, coherent planning, strategizing and understanding of international markets and invention potential before opting for a specific filing approach is important



ANURADHA MAHESHWARI
Partner
Lex Mantis

As intellectual property advisors, we are often confronted with questions on obtaining a ‘global’ patent or better still – a ‘worldwide’ patent. A popular belief that continues to ride amongst those generally not familiar with this body of property laws, is that a single patent can protect the inventor from infringement anywhere and can secure his/her patent rights across all countries of the world. Its like saying: “Buy one patent and get worldwide patent protection free...!”

Unfortunately though, there is no such thing as a global patent or a worldwide patent. It is possible however, to seek patent protection internationally by applying for such protection separately in a country of choice, through systems and processes created under internationally recognized treaties. The law of intellectual property protection is founded on the bedrock of ‘territoriality’ and principles of ‘nation state’; meaning that the protection and enforcement of the rights emanating from the ownership of such properties will be subject to national laws only. Fundamentally, a patent is granted by a sovereign power and its rights, privileges and obligations begin and end within the country of grant. The territorial limits of domestic sovereignty thus, exclude a country from giving extraterritorial effect to its patent laws. Since individual countries have different patent regimes, even though opting for the minimum standards under WTO/TRIPS regime, it still makes a uniform worldwide patent granting process impossible.

It means that obtaining a patent in India will not provide automatic patent protection in other countries and neither can India grant foreign patents nor any patent monopolies abroad. Likewise, it is also true to say that foreign patents grant no monopolies in India. Therefore, a person cannot exercise in India her rights over an invention that is patented in USA (and not in India) and can neither hold anyone liable for patent infringement in India over a US patent. Each patent has a distinct presence only in the sovereign state in which it has been issued and unless a product has been patented in a given territory, a suit for its infringement by a patentee or his authorized agent/licensee in that territory cannot lie.

International Patent Filing

Increasing promotion of innovation and technology transfers at a global scale has led to a greater internationalization of patent activity and a global spurt in patenting across

nations, with some countries taking an aggressive lead in overshadowing others in the numbers game. The World Intellectual Property Organization (“WIPO”) has reported on this rising trend of patenting with the numbers filed and granted worldwide. Despite this trend, the fact remains that filing patents internationally is not only a challenging and arduous process for non - nationals, but also a hugely expensive one, more so for individual Indian inventors and small and medium enterprises. There are about 200 countries in the world with patent systems and not even the Fortune 500 companies try to get patents in all of them due to the expenses involved.

The national character of patent rights creates huge challenges for organizations working in a global business environment. Several key factors have to be carefully identified and weighed before one embarks on the journey of international patent filing. Apart from the complexities involved in making applications in multiple jurisdictions, each application in order to be pursued to its logical conclusion has to be compliant with the national rules in respect of prosecution formalities, timelines and language. Besides, one has to also contend with the challenges of first developing and formulating the right global strategy for patent protection, given the substantive differences in patent laws relating to patentable subject matter, patent grants and enforcement in different jurisdictions, and more.

To safeguard a proprietary technology from unfair use, proprietors, first need to strategize about the kind of market presence they seek to establish in a foreign territory, based upon which the desired jurisdictions to file and its approach can be worked upon by undertaking a cost benefit analysis. The right to exploit the technology apart, benefits also include the rights to stop the use, sale or manufacture of patented technology by unauthorized users.

Paris Convention

The oldest of these treaties, the Paris Convention for the Protection of Industrial Property (enacted in 1883), now administered by WIPO, offers a traditional route to international patent filing. An inventor who is a national of any country, that is part of the Union of 176 countries constituted under this Treaty, is entitled to a 'national treatment' in securing patent protection for his/her invention in any country/ies of the Union. Article 2 of the Paris Convention, expressly permits nationals of any country of the Union, the right to enjoy in all other countries of the Union the same advantages that their respective laws grant in the protection of industrial property to its nationals. Consequently, such foreign applicants can directly file for patent protection in a member country they choose and will enjoy the same protection as a national applicant with access to the same legal remedies that the country's territorial laws afford against any infringement of their rights; provided of course that the applicant complies with the same conditions and formalities as imposed upon its nationals.

Secondly, applicants who are nationals of member countries (Contracting States) are also entitled to the 'right of priority', which allows a domestic applicant to file a single patent application in the home country and within 12 months of that application, to file applications in other Contracting States for the same invention. These subsequent applications are regarded as if they had been filed on the same date as the home application or the first regular application. In other words, subsequent applications in foreign territories will enjoy 'priority' (hence the expression 'right of priority') over applications filed by others during the said period of time, for the same invention in that territory. The right of priority is an imperative procedural advantage, given the practical complexity involved in simultaneously filing multiple applications worldwide and the related potential for loss of rights.

Lastly, the international patent filing in Contracting States will be subject to the Convention's 'common rules' that all Contracting States must follow, one of which is that Patents granted in different Contracting States for the same invention are 'independent of each other'. This means that the granting of a patent in one Contracting State does not oblige other Contracting States to grant a patent. Similarly, a patent cannot be refused, annulled or terminated in any Contracting State on the grounds that it has been refused or annulled or has been terminated in any other Contracting State.

A major disadvantage of filing multiple applications directly in individual countries is that it becomes quite costly as applicants have to pay the filing fees of individual national governments, patent attorney fees, foreign associate fees, and potential translation costs early in the patent program. Multiplying these costs with the number of countries in which one intends to file, compounded with the plethora of compliance-oriented procedures, it obviously becomes even more time and capital intensive. The final nail in the

coffin is that all of the filings have to be managed within a 12-month period. As a system hence, the Convention route does not work very well in such scenarios.

Applications under PCT

Born out of the difficulties of direct filing under the Paris Convention, is the alternate, unified and simplified system of international patent filing, which was created under the Patent Cooperation Treaty, 1970. This system took procedural alignment one step further, with its most appealing feature being the facility for applicants of the 148-member countries of the Treaty, to file a single window application for multiple countries. The application may subsequently (within the specified period of time) be converted into individual applications in any of the finally selected countries or regional patent offices. While PCT applications, are required to meet the 12-month application deadline as provided under the Paris Convention, they also offer applicants an additional 18 or more months (i.e. total of 30 to 34-months depending on the country in which one files) to reflect and strategize on the desirability of seeking protection in a particular foreign country, which is referred to as the national phase entry. Applicants then get time to evaluate the technology and its commercial merit, appoint local patent agents in each foreign country, prepare necessary translations as well as pay the national fees of each such country.

A tremendous advantage of filing a PCT application is that it provides applicants with a fee-based international search report (ISA) and a preliminary, non-binding opinion on the patentability of invention. Applicants can thus prepare for the expected challenges before they incur charges for patent filing and prosecution in each individual country. The optional international preliminary examination also provides applicants with the opportunity and possibility to amend the international application in order to overcome a national requirement, enter into dialogue with the examiner to fully argue one's case and put the application in order before dispatching it for onward processing by the various national patent offices. These search and examination processes are relied upon by the national patent offices and help reduce considerably the time engaged in national search and examination.

One also achieves other savings in communications, postages and translations because the work done during the international processing is generally not repeated before each office (for example, you submit only one copy of the priority document instead of having to submit several copies). Last but certainly not the least, from an applicant's perspective, the online international publication puts the world on notice of the application.

Though the system is efficiently administered by WIPO and communicates reader-friendly instructions, it also suffers from certain inherent defects and shortcomings. PCT applications require careful administrative and financial management and planning. The single window application is an additional cost over separate national applications and varies according to the status and country of the filing entity,

like whether it is an individual or a small/medium entity or large corporation and whether coming from developing nations or low economic countries. So individuals, say from countries like India or China, mentioned as middle-income economies (based on GDP) stand to get more filing discounts than those from high income economies as in developed nations.

Besides, the additional time taken in the processing of the PCT patent application often results in delay in obtaining a patent grant in some of the countries. Typical issues of PCT filing that deter many from choosing this route are its multiple rules and their varying interpretations, complicated procedures for online filing and fee payments, annoying and frequent fee revisions, receiving offices like India not being fully conversant yet with the PCT filing formalities and insufficient PCT national phase entry information and legal/procedural practices. Considering the above, if an applicant wishes to file patents in just a couple of or few countries, it would be advisable for him/her to opt for the direct filing strategy to save on costs and time.

Costs of International Filing

Costs of filing a patent play a critical role in determining where and how an applicant should seek patent protection. Costs vary from country to country based on standard filing fees, length of application (number of pages, number of claims, drawings etc), translation fees if and where required, annuity fees and more. Once a decision is made where to file, determining the filing approach could be based on the number of foreign patent applications intended to be filed. If the invention is expected to have a very high value, such as novel drug entity, then the scales easily tilt in favor of over-protecting and filing in multiple jurisdictions.

Cumulative costs for obtaining a patent in as many jurisdictions as possible, along with statutory filing fees and maintenance annuities could easily amount to several lakhs of rupees. This makes it quite unaffordable for most individual inventors, defeating thus the very purpose and need for seeking patent protection internationally. To provide the reader some estimates, costs for filing an international PCT application is approx. \$1363, not including the search fees, prosecution related fees and eventual entry into the designated states. For an application that has already been filed in the India, the cost to file in Canada and the US could be anywhere from \$7,000 to \$16,000, for the simple to complex inventions, whereas in Australia or South Korea, it could cost approximately \$4,000, while in Japan, between \$6,000-\$12,000. Filing in all European countries could cost nearly \$ 88,000 - 100,000. Add to all this, the costs of commercializing and marketing the invention in the foreign territory. It is precisely for this assortment of reasons that many companies are reluctant to go the patent way and many others prefer to license the invention to a large player with adequate resources and expertise, as the best hedge for diffusing costs.



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Regional Applications

A third alternative also exists in the facility available for patent applicants to apply for patent protection in a regional patent office instead of making direct or PCT-based applications. These patent offices have been established through international treaties and are the European Patent Office (EPO), the African Regional Industrial Property Organization (ARIPO), the African Intellectual Property Organization (OAPI), and the Eurasian Patent Convention (EA). These make it easy for the applicant to obtain a patent that would be valid in all the countries under the specific alliance, when registered in the countries separately. Each of the regional offices have developed their own standardized filing mechanism.

For example, the EPO allows for a uniform procedural system for filing a patent application in member European countries. The cost of filing a patent application in the EPO is about US\$10,000, inclusive of statutory and attorney fees. The application is reviewed by an EPO examiner based on the investigation of the prior art in the claims or on the PCT examination report, if applicable. The EPO issues an official action statement and after successful examination, the application is granted as a European patent. EPO also allows applicants to seek interim protection during the pendency of the patent by filing a translation of claims in each designated country.

Registration of the granted patent in specific countries of the regional alliance can be an expensive affair, because, in addition to government issues and translation fees, attorneys'/local agents' fees in each country have to be further incurred. Once the European patent is validated, maintenance fees, will become due periodically in each of the countries and varying considerably from country to country.

Conclusion

While, the many strategic and economic advantages for an individual/organization in international patent filing cannot be denied, coherent planning, strategizing and understanding of international markets and invention potential before opting for a specific filing approach cannot be emphasized enough. The available international options ought to be considered and appropriately selected, keeping in mind the business goals and financial resources of the organization and importantly, the legal regime in the filing destination. While international treaties and pacts have certainly paved the way for better international patent protection and filing procedures as already highlighted herein, the feasibility and practicality of such systems for the small time inventor or organizations leaves much to be desired. It is important to limit the filing to countries where anticipated sales would justify the expense rather than attempting to simply file shotgun approach in as many countries as possible.