Developing an International Patent Strategy that Works for Your Business

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Having a solid international patent strategy is critical if a business is to protect its intellectual property abroad without breaking the bank. The protection provided by any particular patent is limited to the country or region for which the patent was granted; therefore, a business must ultimately apply for patent protection in *each* country or region for which patent protection is sought.

Given this fact, it is important for a business to have a thorough understanding of the costs associated with filing in foreign countries or regions, and of the value (if any) that can be derived by obtaining foreign protection. The process of obtaining foreign protection for an invention can take many years (e.g. three to eight years), and filing fees, attorney fees, and language translation costs are also considerable in some countries. Therefore, crafting an international patent strategy that is tailored to the goals of the business and to maximizing return on investment is extremely important to the bottom line.

The concept of trade secret protection should also be considered when deciding to file a patent application in a foreign country or region. Trade secret protection will be forfeited by a business for any invention disclosed in a foreign filed patent application. Trade secret protection may be maintained, however, if a business decides to file for patent protection only in the United States and selects the option of maintaining the secrecy of the invention until a U.S. patent is granted.

If a business, its main markets and its competitors are all in the United States, then filing for a patent in the U.S. will likely provide that business with the greatest amount of patent protection. The increase in value derived from seeking patent protection in foreign countries and regions tends to follow a logarithmic path; that is, as foreign protection is pursued in more countries and regions, the growth of protection slows down and eventually stops, making it unnecessary to cover the entire world when seeking patent protection. Recent studies have shown that, in general, six countries or regions tends to be the optimal number in which to pursue foreign patent protection for any particular patent application; beyond six, the value of protection does not substantially increase.

When deciding where to pursue international patent protection, careful consideration should be given to 1) the location(s) in which the invention is being designed, produced, and marketed; 2) the location(s) of competitors; and 3) the patent budget of the business, both at present and in the foreseeable future. Filing for patent protection internationally offers protection from litigation, provides more market control overseas, and may provide further revenue from licensing opportunities, although the United States appears to be the country in which businesses accrue the most patent enforcement and licensing benefits. Ideally, patent protection should be sought where the business, its competitors, and its licensees do business.

Furthermore, foreign patent protection should be sought on inventions that are primary and fundamental to the business. For example, it is typical for larger U.S. businesses to pursue foreign protection for about 20% of their U.S. filings. Recent statistics show that foreign protection is sought in two or more patent offices for about 24% of patents originating in the United States. (Every business must evaluate its own needs, however, with respect to international protection.)

U.S. businesses face foreign competition primarily in industrialized countries. Determining where other businesses and companies foreign file can also provide some insight as to where patent protection may be of significant value. Some of the most popular countries and regions in which businesses file for patent protection (outside of the United States)

include: Japan, China, Canada, Australia, Korea, and the European Union. Popular individual countries within Europe include Germany, Great Britain, Spain, and France.

A patent applicant has the option to file an application directly in each country, to file in a region of multiple member countries, or to file under the Patent Cooperation Treaty (PCT). Regional filing offers the cost advantage of avoiding multiple examination fees and delaying translation costs by having a single authoritative agency performing the examination of the patent application. Subsequently, patent protection may be formalized in the various member countries of the region. For example, a business may file a single patent application in the European Patent Office (EPO). If, after examination, the EPO grants a patent, the business may pay fees and national language translations costs to perfect the patent in any particular member country. Depending on the country, translation may involve only the claims of the patent, or the entire patent.

The advantages of filing a single international (PCT) patent application include delaying the payment of regional or national fees, and delaying the decision of the specific countries in which to ultimately seek patent protection. Furthermore, by filing a PCT patent application, a business can preserve its right to seek foreign patent protection while determining, for example, the likelihood of commercial success of the invention, or the level of protection gained in the United States. After what is typically 30 months from the earliest priority date of the patent application, the business may enter the national stage in almost any of the various PCT member countries or regions for which protection is sought.

In conclusion, seeking patent protection in foreign countries has the potential to be an expensive and time consuming process. To derive the maximum value from this endeavor, it is wise to pursue foreign patent protection in a strategic manner based on the goals of the business seeking protection.

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