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FOREIGN FILING CONSIDERATIONS, COMMERCIAL PRODUCT PROTECTION AND IMPORT CONSIDERATIONS FOR U.S. COMPANIES ENTERING FOREIGN MARKETS

Patent coverage is jurisdictional in nature. Deciding whether to foreign file a patent application is an important business decision that balances cost, coverage, enforceability, and market opportunity.

In deciding whether to foreign file a particular patent application, companies will often consider filing in countries where significant sales or manufacturing can occur for a competing product operating under the patent, or countries that represent a choke point for importing goods to a region. Additionally, depending on the competitors and/or potential acquirers, companies may look at the strategies of other companies in the space to assess which foreign jurisdictions should be considered. Companies may also factor into the analysis whether a competitor making a product under the patent would go to the trouble and expense of having a product that is made for the “rest of the world” (ROW). Typically, larger companies will often want to make a single product for multiple markets and not segregate product design by US and rest-of-world (ROW), for example.

Pursuing patent protection in countries outside of the United States can be accomplished in a variety of ways. This document is intended to provide an overview of various considerations that factor into the foreign filing decision.

SUMMARY OF KEY FOREIGN FILING CONSIDERATIONS

- File in countries with significant commercial prospects, manufacturing activities, or key import entry points.
- Use the Paris Convention and PCT frameworks to claim priority and delay costs; note exceptions like Taiwan and Argentina’s PCT membership status.
- Leverage utility model applications for faster, lower-cost rights in certain jurisdictions.
- Consider Hague System for international design patent filings when ornamental protection is needed.

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- Account for substantial ongoing costs post-filing, especially in Europe, where annuities/taxes must be paid per validated state.
- Factor in product development timing for design filings, as designs may finalize after utility application submission.
- Include IP rights (trademark, copyright) in US Customs strategies to block counterfeit goods at borders.

SUMMARY OF COMMON PITFALLS AND CHALLENGES

- Missing the Paris Convention (12 months for utility, 6 months for design) or PCT deadlines forfeits the ability to claim priority and subjects any application to any intervening references or patent destroying activity.
- Public disclosure before earliest available filing date can destroy novelty in many countries.
- Underestimating post-filing costs, especially maintenance fees in Europe, and delayed examination costs in Asia.
- Not aligning filing with business goals, competitors' filings, or expected product launches.
- Omitting utility model or design patent options in relevant countries.

THE PARIS CONVENTION

Under the Paris Convention for the Protection of Industrial Property (Paris Convention), member countries accord a utility patent application filed the benefit of the filing date of an earlier application filed in another member country, provided the application is filed within one year of the first filed application. [*Note that the Paris Convention period for foreign filing design patents is six months.*] Currently, the Paris Convention has over 170 member countries.

Notably Taiwan is not a Paris Convention member country. However, Taiwan and the U.S. have a bilateral agreement that enables a U.S. application filed in Taiwan within the Paris Convention timelines in order to benefit from the earlier US filing date.

Non-Convention patent applications can also be filed which do not benefit from the earlier filing date *if* there has been no public disclosure of the invention. Non-Convention applications receive the benefit of the actual filing date only and the novelty and obviousness analysis performed by the Patent Office will include any intervening references (i.e., references that are dated after the U.S. filing date and before the foreign filing date, where no priority has been claimed).

Public disclosure criteria can vary from country-to-country so it is always best to file a patent application prior to disclosure and to file in additional jurisdictions within the Convention deadlines. Disclosure of any kind outside of the company prior to filing should be avoided.

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DIRECT NATIONAL FILING

Utility Patent Applications

A utility patent application can be filed directly with national patent offices in virtually any country of the world or with a regional office of one of the various groups of countries such as members of the European Patent Convention (EPC). Except for non-member countries, applications filed within one year of the U.S. filing date can claim priority under the Paris Convention to the filing date of the earlier filed U.S. application.

Direct national/regional applications are the most cost-effective method of filing if the applicant is confident about where patent protection is desired and has sufficient funds to pay the associated fees and costs.

A general estimate of costs for filing a typical utility patent application in selected foreign countries over a four year period is as follows:

Country	FILING	Y1	Y2	Y3	Y4	TOTAL (20 YEARS)
Australia	\$4,000	0	0	0	\$2,000	\$30,000
Brazil	\$6,000	\$1,000	\$1,000	\$1,000	\$1,000	\$32,000
Canada	\$4,000	\$500	\$500	\$500	\$600	\$18,000
China	\$5,000	0	0	0	\$500	\$30,000
European Patent Office under the EPC	\$8,000	\$1,000	\$1,200	\$1,400	\$1,800	\$35,000 <i>(through grant)</i>
India	\$2,000	0	0	0	0	\$17,000
Japan	\$10,000	0	0	0	0	\$30,000
Netherlands	\$6,500	0	0	0	\$500	\$30,000
South Korea	\$7,000	0	0	0	0	\$30,000
Taiwan	\$9,000	0	0	0	0	\$20,000

NOTE: the estimate does NOT include the cost of writing the patent application.

Some countries do not begin the process of examining the patent application until after year 4 or until a formal request for examination is filed, additional fees and costs would occur over the life of the patent. Also note, the European Patent Office estimate is through grant only. Once the European Patent issues, individual taxes (annuities) are due in each member country where patent rights are validated.

For many companies, the “usual suspects” for foreign filing outside the US are: Europe, Canada, Australia and Japan. However, this list changes depending on the technology involved. For example, in the electronics industry, Japan, Korea and Taiwan often become more important to the strategy. Additionally, whenever products are shipped into Europe, the Netherlands (available directly or via the EPC) is often chosen to facilitate patent enforcement in Europe. In the medical device industry, emerging countries that are often considered include Brazil, China, India, Costa Rica and Turkey.

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These are general estimates for filing and a sample of ongoing and total costs which might be useful in making the business decision. It is possible for the total cost to exceed these estimates.

Utility Model Applications

Several jurisdictions provide for Utility Model Applications or Short Term Patents. These patents have a very short claim structure (1-5 claims) and are granted for 'new technical solutions that relate to a product's shape or structure, or a combination of the two, and are also fit for practical use.' The utility model patent applications may not undergo a substantive examination in some jurisdictions and are often granted quickly (potentially within a year or two from the filing date).

There are several benefits to including utility model applications, where available, as part of a foreign filing strategy or filing a utility model application in lieu of a utility application. First, these patents are an inexpensive and quick way to obtain patent protection. Second, the patents may also be used offensively in litigation with quick and cost-effective results. Notable countries that provide utility model protection include: Brazil, China, France, Germany, Ireland, Japan, Mexico, Poland, Spain, and South Korea.

Design Patent Applications

Often the utility patent applications are the earliest applications filed during product development and the actual ornamental design of a product is finalized when product development is closer to commercialization. As decisions about foreign filing the utility patent application are made, however, thought should be given to how close the product design illustrated is to the likely commercial embodiment and the question of whether to pursue design protection should be re-visited regularly. If a design patent application is filed, the design application can be filed internationally under the Paris Convention within 6 months of the filing date. Additionally, an application for an industrial design can be filed under the Hague System for International Registration of Industrial Designs which provides a process for registering up to 100 designs in over 62 territories through filing a single application. The United States is a member of the Hague Union.

Typical costs associated with filing design patent applications are:

Australia	\$2,000
Brazil	\$2,400
Canada	\$1,900
China	\$1,900
European Community	\$2,900
India	\$1,700
Japan	\$3,100
South Korea	\$2,100
Taiwan	\$2,700

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THE PATENT COOPERATION TREATY

Applications can also be filed under the Patent Cooperation Treaty (PCT). The PCT allows the filing of a single patent application with the PCT Receiving Office at a Patent Office where the Applicant resides (e.g., for a U.S. Applicant, the U.S. Patent and Trademark Office). The PCT application preserves the right to file a patent application in any of the PCT member countries.¹ It is worth noting that Taiwan and Argentina are not members of the PCT.

Both utility model and utility applications can be considered for national stage filing following the PCT process. However, if you are interested in both utility and utility model protection in a single jurisdiction, you may need to have two PCT applications on file in order to provide a basis for each application in a particular country.

The PCT application can only be filed where at least one Applicant is a resident or a national of a member country. Where the rights to the invention are owned by the inventors, at least one inventor must be a resident or national of a PCT country. Where the rights to the invention are owned by a company, then the company (Applicant) must be a resident or national of a PCT country. Where the Applicant is not a resident or national of a PCT member country, steps should be taken *well before* the foreign filing deadline to ensure that the application is eligible for PCT filing.

It is important to bear in mind that an application filed under the PCT does not result in an issued patent and does not eliminate the necessity of eventually filing in individual countries or regions. The PCT process only extends the deadline for filing such applications up until 30 months (for most countries) from the earliest priority date and the costs associated with filing. Applications filed in the PCT within one year of the U.S. filing date can also claim priority to the underlying U.S. application under the Paris Convention.

Delaying the expense associated with filing of national applications is the primary benefit of filing an application under the PCT. However, the PCT process also includes an International Search of the prior art, publication of the application, an advisory Written Opinion on the patentability of the claims and, if desired, an advisory International Preliminary Report on Patentability (IPRP) which is sent to patent offices of the designated PCT states.

The cost of filing a PCT application is approximately \$4,500 to \$6,000 depending on a number of factors including the length of the application, where the International Search is performed and whether the optional IPRP is desired. Please contact us for a detailed estimate of the costs associated with a PCT filing of the present application.

COMMERCIAL PRODUCT PROTECTION AND IMPORT CONSIDERATIONS

As you may be aware, the United States Customs and Border Protection (CBP) has the authority to detain, seize, and ultimately destroy merchandise seeking entry into the United States if the merchandise bears an infringing registered trademark or registered copyright once the right has been recorded with CBP.

¹ Current Member Countries available at: www.wipo.int/pct/en/list_states.pdf

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Although we are unable to register the utility patent rights with the CBP, as foreign filing is considered, where the commercial product is completed, additional consideration should be given to utilizing IP assets as a mechanism to protect against importation of counterfeit goods. In addition to recording any registered trademarks, the overall IP strategy to determine if a copyright registration should be pursued for the product covered by this patent application. For example, a visual arts application directed to the sculptural work encompassing the three-dimensional commercial product might be appropriate. Once registered with the Copyright Office, the copyright registration can then be registered with the CBP as part of the overall strategy to protect against importation of counterfeit goods.