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Intellectual Property: Dynamic Intellectual Property Strategy-Part 2 (8/06)

By William Greener, *Ithaca Business Journal*, (8/25/06)

The previous article in this series talked about the starting points of a dynamic intellectual property strategy. I talked about different types of strategic searches and the legal positions they supported, as well as using competitive surveillance as a useful tool. Before the starting gun sounded, it made sense to see the finish line in our mind's eye, the course obstacles and the other competitors.

Readers may find a comment about costs helpful at this point. If you know what your invention is and want an opinion about whether it is patentable, a patentability search and opinion might cost, on average, around \$3000. Of course, actual costs will depend on many factors including your attorney's billing rate, the invention's complexity and the area of technology, to list a few. I have personally provided patentability opinions costing less than half and more than twice this amount. For an overview analysis (but not a patentability opinion) of the patented technology relating to the field of an invention, for example, laser diodes that emit yellow light, \$1000-3000 might represent an average cost range.

Moving on, the next logical step in a dynamic intellectual property strategy is patent application filing. Three important considerations are timing, where to file, and costs.

Timing

Patent laws around the world place a critical emphasis on when a patent application can be filed. In the US, for example, a patent application can be filed up to 1 year after the invention has been publicly disclosed, published, offered for sale or sold to a third party. Virtually every other country has a requirement called "absolute novelty". This means that the applicant must file a patent application somewhere- anywhere- before publicly disclosing the invention. Although there are certain limited grace periods, absolute novelty is the rule of the day outside of the USA.

After a patent application is originally (first) filed in a particular country, all foreign filings for the same invention must be done within 12 months.

Where to file

This is a decision that is largely cost driven. Market factors, both real and prospective, may also be decisive.

The two most common patent filing routes are either in individual national patent offices or via the Patent Cooperation Treaty (PCT). If a patented invention is going to be sold in the US, but manufactured in Taiwan and Mexico, then it may make economic sense, for example, to first apply for a US patent, and also file in the other countries within the 12-month filing window.

A PCT application allows the applicant to initially file a single patent application for about 110 countries. The PCT route allows the applicant to delay the actual filing in selected countries for up to 30 or 31 months. There are cost advantages and, additionally, the PCT generates search reports and preliminary patentability opinions that help with the ultimate filing decisions.

Costs

Based on 2004 data, the reported average cost to prepare and file a US patent application was between \$6,000-14,000. To file a patent application in a foreign country adds translation costs,

foreign associate fees, and national patent office fees. Many foreign countries also impose annual maintenance fees. Thus there should be solid business reasons to file in a foreign country. There should also be a commitment to enforce one's patent in a foreign country.

The nature of the invention will also influence the foreign filing decision. The European Patent Office and many others do not generally allow software or business method related patents. Likewise, many of these patent offices do not allow patents for diagnostic or therapeutic methods practiced on humans or animals.

Your patent attorney can best advise you about the intricacies of timing, where to file, and costs.

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