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HOW TO GET A PATENT ON A BUDGET
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How to get a patent on a budget

Jan Kossmann, **Pontus Winqvist** and **Eva Wretblad** of **Valea** explain how patent applicants can maximise patent protection while minimising costs

The patenting process in Europe is a time-consuming and expensive business. While waiting for a European Community patent to become a reality, there are some actions that you can take to improve your European patent strategy and save costs. This has become even more important in these uncertain economic times.

It is well known that a large proportion of the total patenting costs in Europe appear rather late in the process, namely costs around the grant and validation procedure; for example in the form of translation costs. Protecting your company's future products in a satisfactory manner while still being able to meet budgetary constraints is the key issue here.

A well-structured patent strategy starts before the filing of the European patent application. The technical field and the market where your company or client is operating need to be analysed and understood. Where are the competitors? Where is the market? Which languages do we have in these markets? When are products ready for the market? Would you benefit from having a patent granted as soon as possible? What is the budget? These and other questions have to be answered to be able to draw a picture of the real situation that your company or client operates under to be able to decide why and where patent protection is needed and what the costs should be. Naturally, high costs may be permitted for a portfolio which generates high value, but there are no excuses for not using available resources efficiently.

Prosecution costs

In the light of the new European Patent Convention (EPC) Rules that came into force on April 1 2010, it has become more important to know the particular protection your company or client is aiming for, through a European patent application from the very start. There are a number of reasons for this:

- The new rules are intended to make an application advance quicker in the initial steps of the examination procedure, following the European, or international, search report and opinion; and
- The possibility of filing divisional applications has been restricted in time to 24 months from the first communication of the examining division, alternatively the first communication from the examining division pointing out non-unity.

The basic ground rules for filing a European patent application, or for a Patent Cooperation Treaty (PCT) application entering the regional phase before the European Patent Office (EPO) are:

- Keep the number of independent claims within one category (product, process, apparatus and use) limited. A large number of independent claims at the search stage will lead to an invitation to select claims to be searched, and at the examining stage will lead to a clarity objection being raised.
- Keep the total number of claims at 15, since a claims fee of €210 will be charged for each claim above 15 and a claims fee of €525 for each claim over 50.
- Make use of the possibility to amend claims and the description upon entering the regional phase before the EPO if there are reasons to suspect that the EPO will issue a negative first communication, for example due to a negative International Search Report (ISR) and written opinion, a large number of independent claims, or the likelihood of the EPO finding further relevant prior art documents.

According to the new rules, if you have an application entering the examination phase before the examining division of the EPO with a negative European Search Report (ESR) and search opinion as well as a regional phase PCT with negative ISR and written opinion and/or International Preliminary Report on Patentability (IPRP), you will be required to file arguments or amendments. It is advisable to see these new requirements to amend as an opportunity, rather than a burden, since they offer the possibility to speed up the examination procedure with fewer communications and accordingly, lower prosecution costs. The eternal truth applies that your external

patent attorney or in-house counsel should touch the file as few times as possible to reduce total costs. It will be more cost effective to work with the case thoroughly a few times than a let's-try-fix-this-quickly-approach, which will rarely advance a case as often as hoped.

Translation costs

After grant, a European patent has to be validated in up to 37 EPC countries. Since the validation costs can amount to a considerable amount, careful consideration of the countries where a European patent is to be validated is required.

With the London Agreement in force in 15 of the EPC contracting states, the previously very high translation costs have been considerably reduced. Depending on the language of the European patent and country, no translation is required; alternatively, a translation of only the claims is required. Some of the EPC countries which have not signed the London Agreement do not require any translation of the description either. Since the description is the most costly part to translate due to its length, translation costs are today lower than they used to be. Despite this, translation costs still constitute a major part of the total prosecution cost in the European patenting process.

An English language European patent specification does not have to be translated in the following EPC countries: the UK, France, Switzerland, Lichtenstein, Luxemburg, Germany and Monaco. The same applies in these countries to French and German language European patents. In the following countries only the claims need to be translated into an official language of the respective country if the European patent is in the English language: Albania, Former Yugoslavian Republic of Macedonia, Croatia, Denmark, Iceland, the Netherlands, Sweden, Latvia, Lithuania and Slovenia. Of the latter, Albania, the Former Yugoslavian Republic of Macedonia, Croatia, Latvia, Lithuania and Slovenia also accept French and German language European patents.

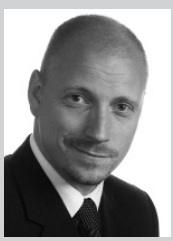
A company's annual budget is in many ways the only self-diagnostic tool which a management team can use. Upon a closer look at the European patent application grant procedure from a budget perspective, it becomes all too clear that one important time limit and budget year consideration is the translation requirement under Art 65(1) EPC, which we generally refer to as validating the patent. The London Agreement significantly reduces the impact on a budget, but the translation costs are still a major entry on the balance sheet. This becomes evident for companies which validate their European patents in many countries (above 10 countries for example) and translation costs between €15,000 and €35,000 are not uncommon.

The translation requirement under Article 65(1) EPC is initiated upon publication of the mention of grant in the European Patent Bulletin. Preceding this, the EPO communicates an intention to grant under Rule 71(3) EPC. Assuming the applicant approves the text and claims on which the EPO intends to grant the patent, he pays the fee for grant and printing (€830) and submits a translation of the claims in the remaining two official languages of the EPO.

Jan Kossmann

Jan Kossmann has worked in the patent field since 1993, first as an examiner at the Swedish Patent Office and then as an in-house patent attorney for Alfa Laval, world leader in heat exchange and centrifugal separation. Between 2000 and 2008, Jan worked for DeLaval, the market leader in milking equipment. As an in-house senior patent attorney, Jan came into contact with most aspects of patent work including: evaluation of inventions, freedom to operate investigations and patent portfolio evaluation. He has also gained considerable experience of contentious post-grant proceedings, having been involved in numerous opposition proceedings before the EPO as well as having been involved in patent litigation before national courts in Europe, both on the plaintiff side and the defendant side.

Pontus Winqvist



Pontus Winqvist specialises in the fields of environmental engineering, weapons and accessories, automobile engineering, medical devices, off shore vessels and structures. He is a European patent attorney and has a MSc degree from the University of Wales Swansea.

Most of his time is spent with patent issues such as development and project support, drafting applications, infringement investigations, validity investigations, oppositions, commercialisation and due diligence.

Before starting at Valea in 2006, Pontus spent about six years as an in-house patent attorney at SCA Hygiene Products.

The chart illustrates language requirements of the description of a European patent. EPC countries where at least one of the official languages of the EPC, English, German and French, can be used in the description are highlighted in accordance with the legend. In the remaining EPC countries, marked light grey, the entire specification has to be translated into an official language of a relevant country.

Budget concerns

In a worst-case scenario, from a budget perspective, the intention to grant under Rule 71(3) is submitted substantially at the same time as the new budget is set, that is, day one of the budget year. With a four-month period for a response and a three-month period for validating the European patent at selected national patent offices, there is a risk that the applicant receives the bill for the translations within the same budget year as the intention to grant is issued, thus having only minimal opportunities to effect the selection of countries as the budget for that year is already set.

There are two obvious ways of postponing this four month time limit, thus postponing the time limit for filing the translations and a large negative contribution to the balance sheet during the specific budget year. If the four-month time limit is ignored, the EPO will issue a notification of loss of rights under Rule 112(1) EPC. Within two months of receiving the notification of loss of rights, the applicant may request further processing under Article 121 and Rule 135 EPC, perform the omitted act and pay an additional penalty fee. The penalty fee can be kept at €210 if, within the four-month period, the fee for grant and printing is paid, while not filing the required translations. This option could postpone the mention of grant by about three to four months.

The second option is to request an amendment of the text and/or the claims, as permitted under Rule 71(4) EPC. If only the text is amended, no additional translations of the claims need to be filed. If the amendment is not permitted by the examining division (Rule 71(5) EPC), the applicant must be given an opportunity to comment on the decision (as required under Art. 113(1) EPC) within a period to be specified. Both a term extension under Rule 132 EPC and further processing are be available for the time limit in Rule 71(5) EPC. The applicant can thereafter return to the original set of text or claims as intended to be granted (Guidelines for Examination in the European Patent Office C-VI 4.9). The risk with this option is that the examiner approves the amendments submitted! However, if the suggested amendment of the text is clearly irrelevant for the invention, this seems unlikely. The mention of grant could be postponed by about four to eight months.

It is not clear which of the two options is the most promising, as all cases are individual. However, they both provide for clear options of how to occasionally postpone high translation costs if the yearly budget does not permit the desired number of countries to be validated.

It is clear that by adopting a carefully prepared strategy which is in line with the particular budget limits of your customer or client, you can achieve economical yet effective European patent protection. By analysing your market carefully, not only in the traditional way, but also from a language perspective, translation costs can be saved or at least to some extent be distributed over time.

Eva Wretblad

Eva Wretblad's specialist area is patenting within the fields of medical device applications, mechanics and materials engineering. She handles matters relating to all aspects of patent prosecution and enforcement, including pre-patenting investigations, patent drafting and prosecution, freedom-to-operate work, validity and infringement analyses. Before joining Valea in 2008, she spent nine years working in the IP department of AstraZeneca, where she mainly concentrated on medical device applications and production-related technologies.

Eva has worked in the IP field since 1995 and served as an examiner at the Swedish Patent Office between 1995 and 1999.