

# INNOVATION TALKS 2020

WHEN INNOVATION COMES TO LIFE!

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## International Patenting Strategy

(from a European Perspective)

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# *What are the costs and benefits of IP?*



# IP – strategy

*The value of IP results from the combination of*

1. competitive advantage supported by the IP rights –resulting from the **benefits** of IP rights, and

2. the **size of the market**

*minus*

3. the **costs** for obtaining and maintaining the IP

- → no inherent value
- → can be negative

## IP costs

Validity and scope of protection of the IP targeted on differentiating factors

Competitive advantage of differentiating factors

Size of the market

## IP – strategy

*economic objective = maximise margin*



*problem*

« certain, known, & now »

« uncertain, unknown, & later »

# IP – strategy

# benefit

## Effects

- Protection against infringement in countries of protection
- Positive image (innovation)
- Strengthens collaboration with 3<sup>rd</sup> parties
- Enables licensing & allows control and valorisation of created joint IP
- Ensures a certain freedom to operate (*e.g. manufacturing/distribution sites*)
- Increases intangible assets
- Ensuring an entry point of negotiation

## Consequences

**Increased margin and/or sales**  
(*i.e. increased sales price and/or market share*)

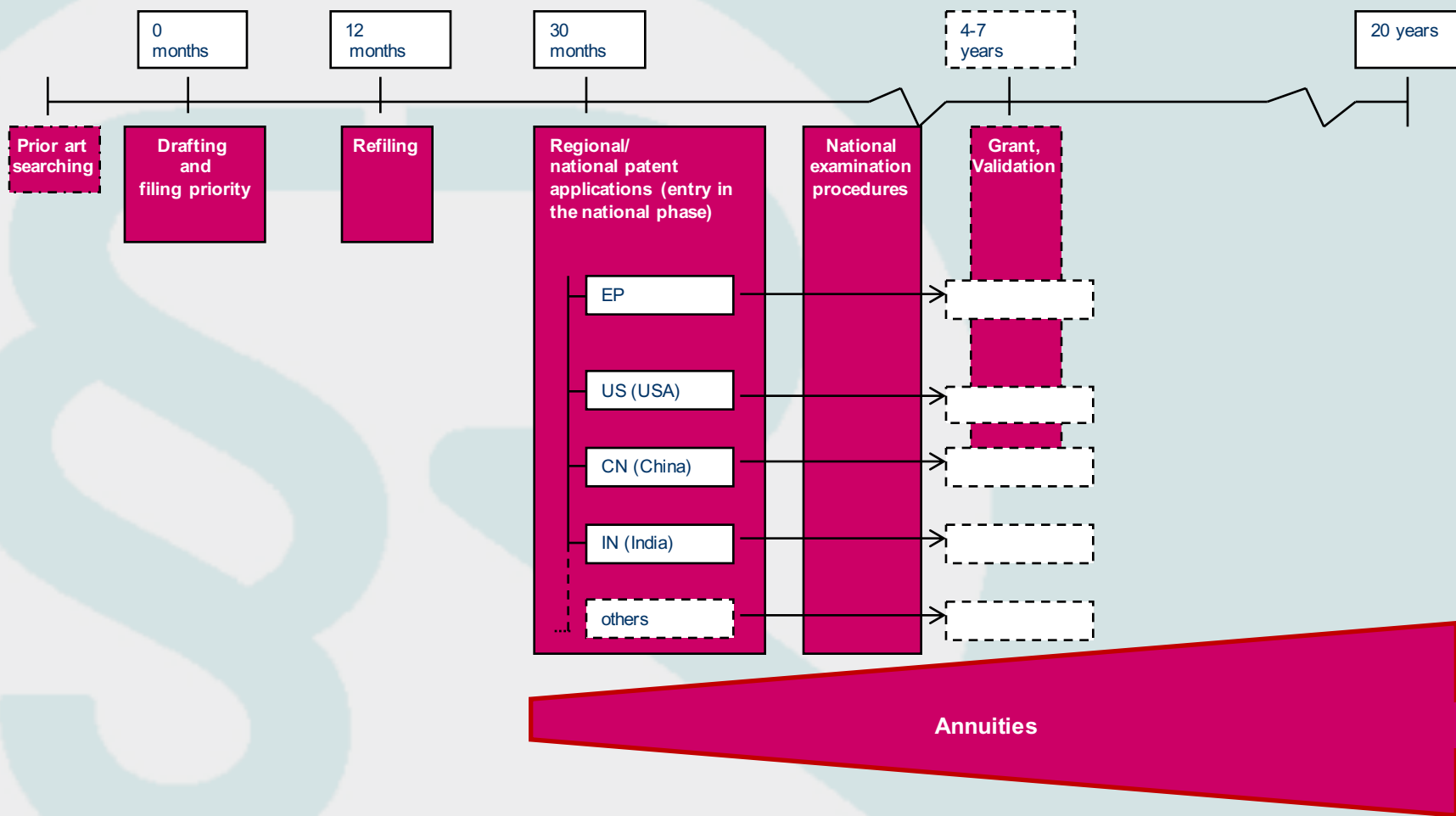
**Direct revenue from IP**

**Increased company value**

# IP Cost drivers

- 1. Geographical scope of protection**
- 2. IP portfolio management (internal & external)**
- 3. filing strategy & filing routes**
- 4. Quality of drafting**
- 5. prosecution difficulties**
- 6. rapidity of examination procedure**
- 7. inventiveness, nature & complexity of technology,.....**

# Cost evolution during patent life

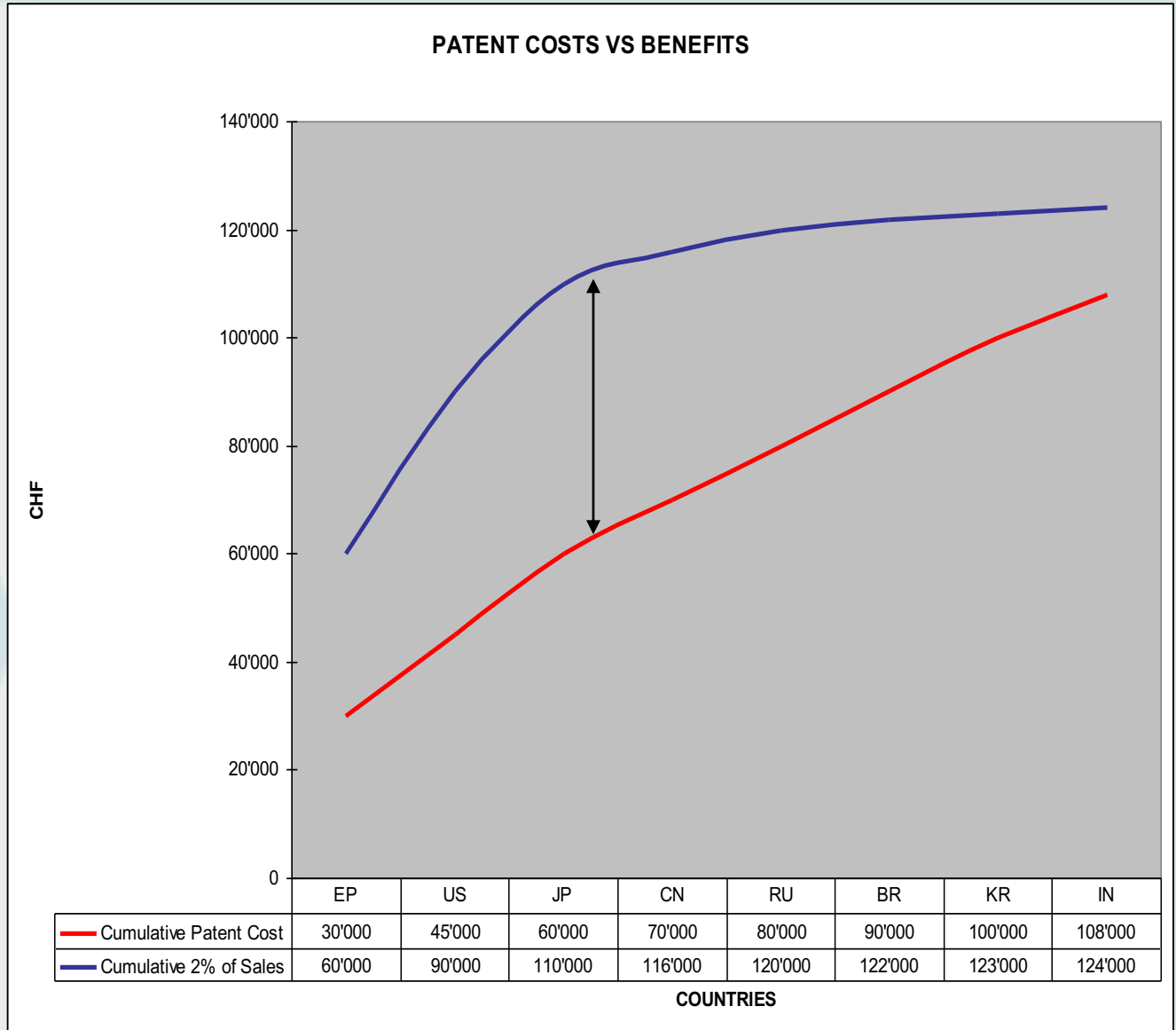


# Patents – strategy

## costs vs benefits

### example

Country	Patent Cost (5 years)	Projected sales (5 years)
EP	30'000	3'000'000
US	15'000	1'500'000
JP	15'000	1'000'000
CN	10'000	300'000
RU	10'000	200'000
BR	10'000	100'000
KR	10'000	50'000
IN	8'000	50'000



Other Regional patents	Est. patent cost (first 5 years)	Duration
ARIPO Patent	13000	Max. 20 years
OAPI Patent	12000	Max. 20 years
OAPI Utility Model	4000	Max. 8 years
EA patent	7000	Max. 20 years



# Cost-effective Patent Protection

## Where to file?

Optimize geographical scope of protection

(costs vs benefits)



- 1. identify key countries** – *future projection (e.g. 10 year projection)*
  - market size
  - competitor manufacturing sites
  - competitor distribution or warehousing sites
- 2. estimate « return »** (*projected revenue or other benefits*) in key countries and arrange in order of importance
- 3. calculate projected costs** (*e.g. over next 5 years*) per key country
- 4. select countries** based on maximum return (*pareto effect*)
- 5. reduce countries if global circulation of goods** (*e.g. automotive*)
- 6. good to have at least one country close to home** (*e.g. France, Italy, Germany*)
  - easier to attack and defend

# *Who owns the IP ?*



# Patent filing – who is the inventor?

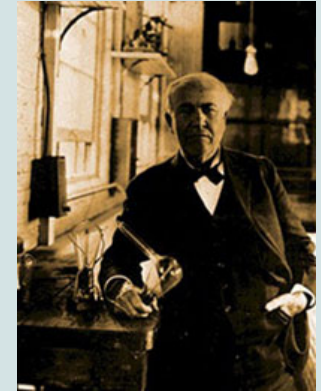
**Collaborator**

**moral,  
financial,  
human support**

**Seniority**



**Inventor**



- Conceive the idea of a new apparatus, a new treatment, a new molecule, a new method of manufacture



- Confirm the initial hypothesis by routine experiments requiring only common knowledge in the field



# Inventorship determines ownership

Inventor  Owner



Employee  
(service activity)



Employer

Inventor

Under contrat  
(consultant, service provider)



Depending on contract terms

***The beginning is the most important part of an  
Internationalization Strategy***



# Effective Patent Protection

development process: converge to the best solution



patent protection process: expand to include alternative solutions → increase potential scope of protection

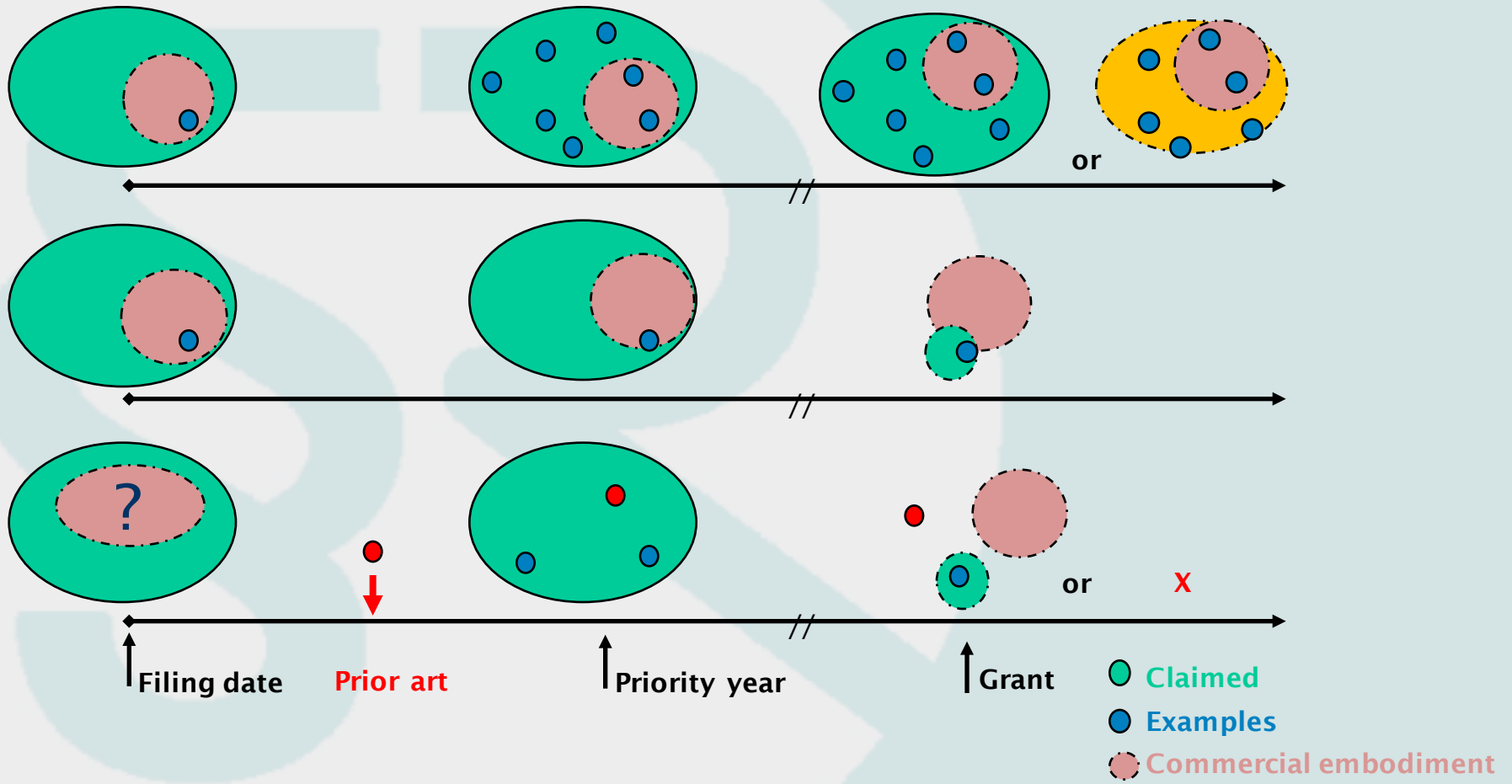


- Claimed
- Examples

# Effective Patent Protection

## When to file?

### Influences scope of protection



# Patent Protection - Timing

## Importance of Timing

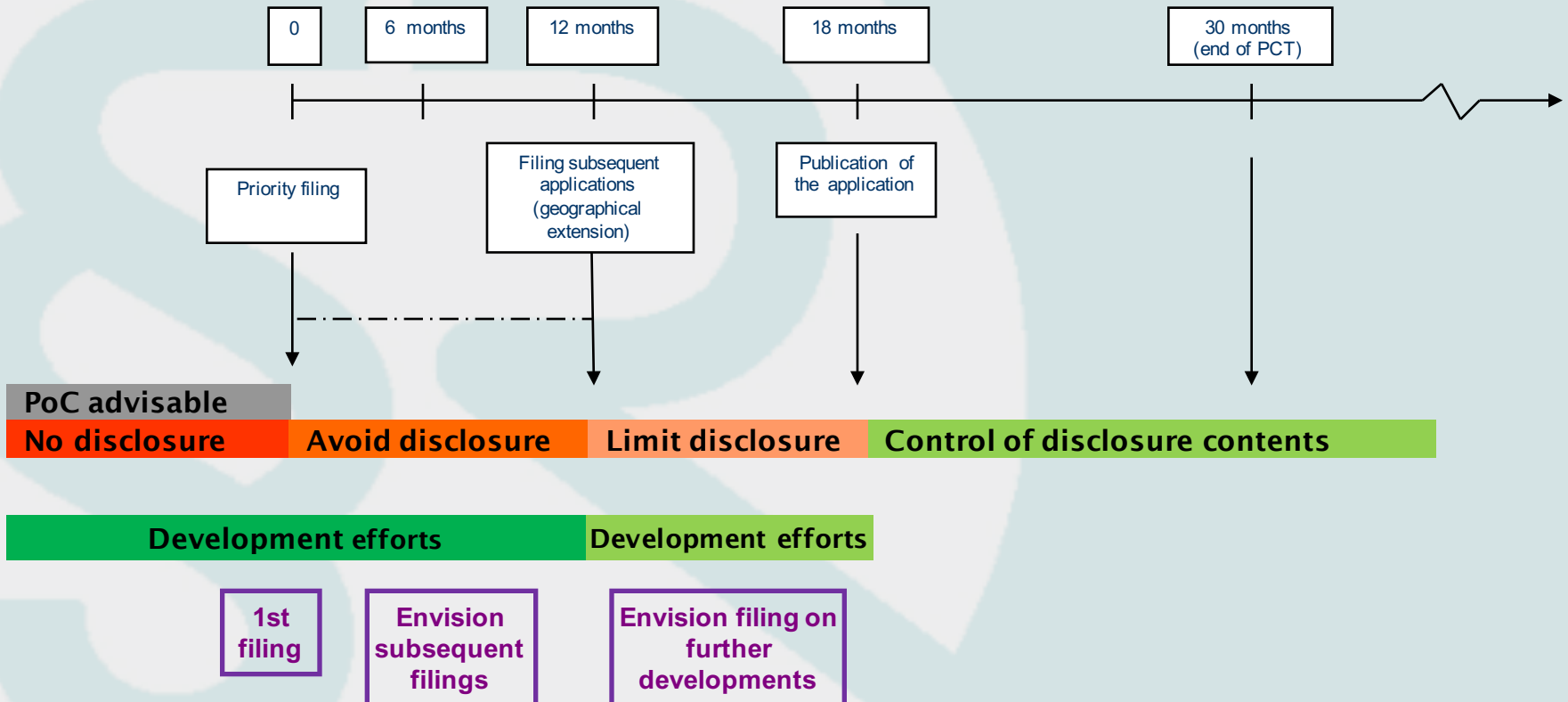
Balance between:

- **A late filing** when you have extensive experimental data (increased risk of being scooped by prior art)
- **A too early filing** which will expose your patent application to enablement and sufficiency objections from Examiners (would lead to impossible or very narrow patent protection) & starts the clock for future patent costs

*-> Filing a patent application not earlier than having at least few data supporting the invention & if the applicant believes to be in a position, within a year from this filing date, to provide at least some further data for supporting a scope economically reasonable for the patent application*

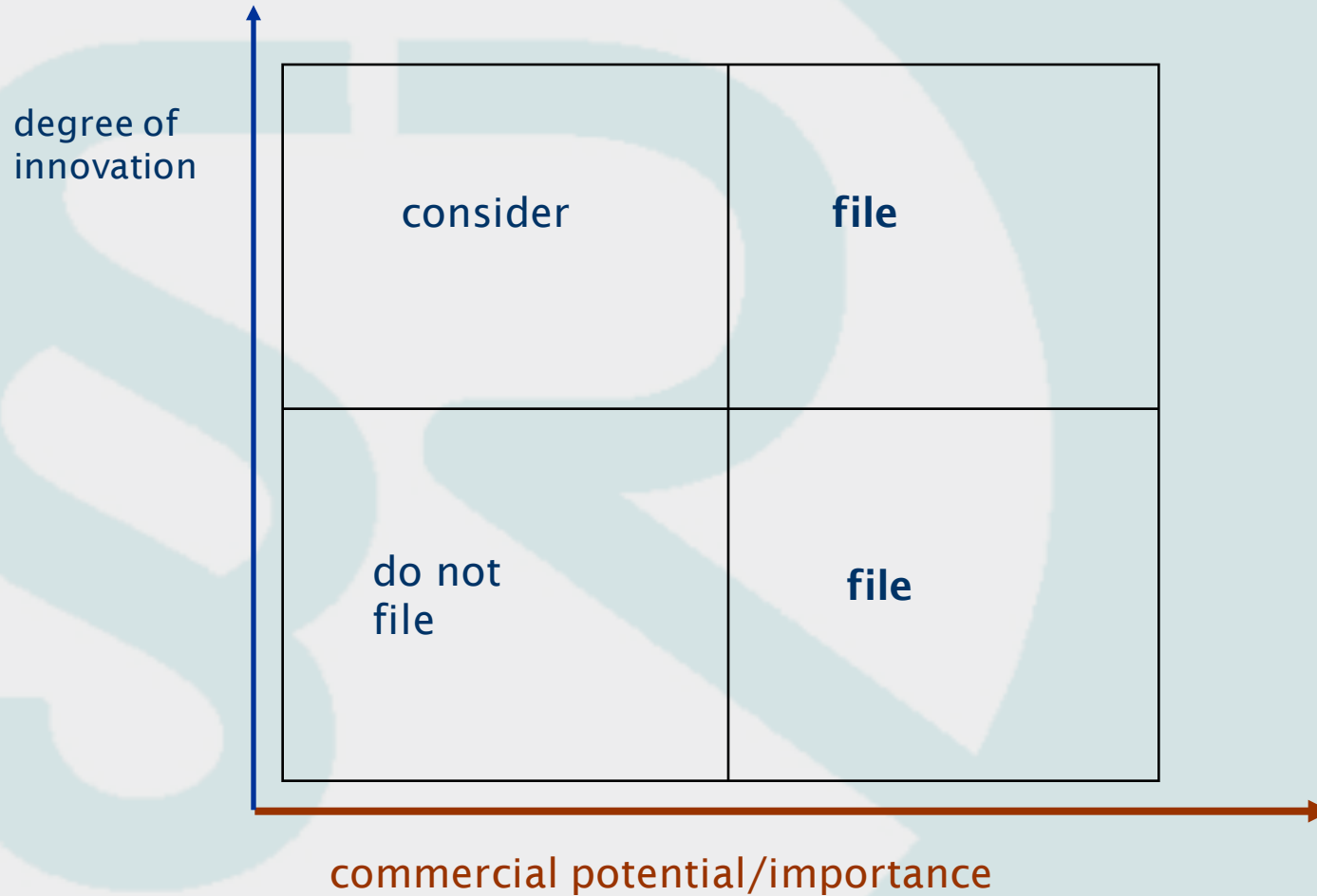


# Development efforts and control of disclosures



# Effective Patent protection

*decision grid to file patents*



# Enhancing protection

## Alternative or Complementary protection

- **Utility model (only available in some countries – DE, AT, JP, ES...)**
  - validity: *generally* same or similar substantive requirements as a patent (novelty, inventive step)
  - often simplified or no substantive examination
  - lower cost
  - shorter duration (usually 10 years or less depending on country)
  - not available in many countries
  - not all technologies (in particular pharmaceutical, chemical & biotech) can be protected via a utility model
  - methods (processes) cannot be claimed
- **Design**
  - only protects **external appearance**
  - therefore very limited scope of protection (for technical inventions)
  - low cost and easy to enforce
- **Preserve secret know-how**
  - difficult to implement esp. in view of employee mobility
  - needs a policy and procedures (*need to know basis / divide and rule / information repository / access rules*)

“Simple can be harder than complex: You have to work hard to get your thinking clean to make it simple”.

*Steve Jobs*

