PATENTS FOR CANADIANS

A Practical Guide

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TABLE OF CONTENTS

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INTRODUCTION

The purpose of this little guide is to give you a clear, unbiased and practical introduction to patents and the patent process. It is intended for entrepreneurs, executives and inventors. Our goal is to provide you with more than the very basic advice that is widely available, while steering clear of jargon and unnecessary technicalities. We also try to address costs and benefits and the choices that you need to make as directly as possible.

Patents can be extraordinarily valuable. But, they can also be a complete waste of money. Most patent attorneys will always tell you to 'patent'. We think that is often bad advice. Our goal is to help you make wise choices – to protect the inventions when the patent will make you money, and to avoid wasting time, money and energy on the superfluous.

A QUICK SUMMARY OF PATENT BASICS

If you are granted a patent on your invention, the government has granted to you a time-limited monopoly to exploit your invention.

You can only patent an invention that you (or your employee) made; you cannot patent an invention made by someone else.

To be patentable your invention must be:

- New (novel), and
- Not 'obvious' in light of the 'prior art' as disclosed to the public anywhere in the world prior to the filing of your patent application.

You cannot patent an invention that someone else has made.

You cannot patent an 'invention' that is an obvious improvement or change over what has gone before.

In order to try to secure a patent, you must apply for one. However, not all patent applications are not granted, and virtually none are granted exactly as first filed.

Patents are examined by examiners who raise objections to which you must respond and attempt to overcome (a process known as 'prosecution'). Only when all of the objections are overcome will the patent be granted.

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A patent has several parts including a disclosure (specification), which usually includes drawings, and, numbered written 'claims'. However, the scope of the monopoly granted by a patent is determined by the precise wording of the allowed claims.

Patents are granted on a 'country-by-country' or 'regional' basis. You only have monopoly rights in the jurisdictions where you have been granted a patent on your invention.

An elaborate system for "priority" to an initial filing within certain deadlines permits you to file subsequent applications in other jurisdictions long after the initial filing. There are two key 'deferral' regimes. The first, the "Paris Convention" permits you to file directly around the world within 12 months of your first filing while claiming priority back to the first filing. The second is known as the Patent Cooperation Treaty (PCT). There are also regional regimes – for instance, with the European Patent Office – which permit one filing to subsequently have effect in more than one jurisdiction.

This guide is restricted to 'utility' patents which are the primary vehicle for protecting inventions. In some jurisdictions (eg. Japan, Australia), a less onerous regime exists for patents that confer weaker rights, known as 'innovation patents'.

Also, utility patents should not be confused with 'design patents' as they are known in the United States; known as 'design registrations' in most of the rest of the world, these are a comparable regime for protecting the *novel non-functional aesthetic features* of an object.

Of course, this guide does not address trade secrets, copyrights or trademarks, which are other forms of intellectual property.

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APPROXIMATE COSTS OF PATENTING

Item	Approximate cost
An initial consultation to determine if your concept is patentable	$500
Prior Art Search	$2500
Drafting and filing a U.S. provisional patent application	$2900
Drafting a non-provisional utility patent application	$4000-$6000
Filing a non-provisional utility patent application under the PCT (Patent Cooperation Treaty)	$4500 Government fees include search and preliminary opinion
Filing a non-provisional utility patent application directly in Canada and the United States	$1500 per country
Prosecution in the United States	$5000 - $10000
Prosecution in Canada using the patent prosecution highway	$2500
National phase filings at month 30, under the PCT:	
United States, Canada, Australia	$1500
Germany, United Kingdom	Per country
Korea, China, Japan, India	$5000 Per country/translation required
Europe (EPO)	$5000 Substantial government fees

GET A PRECISE QUOTATION

We know that clients want price certainty. Our motto when it comes to fees is **'no mysteries, no surprises'**. We will gladly provide you with a precise price quotation for each step in the process of securing patent rights in the United States, Canada, and around the world.

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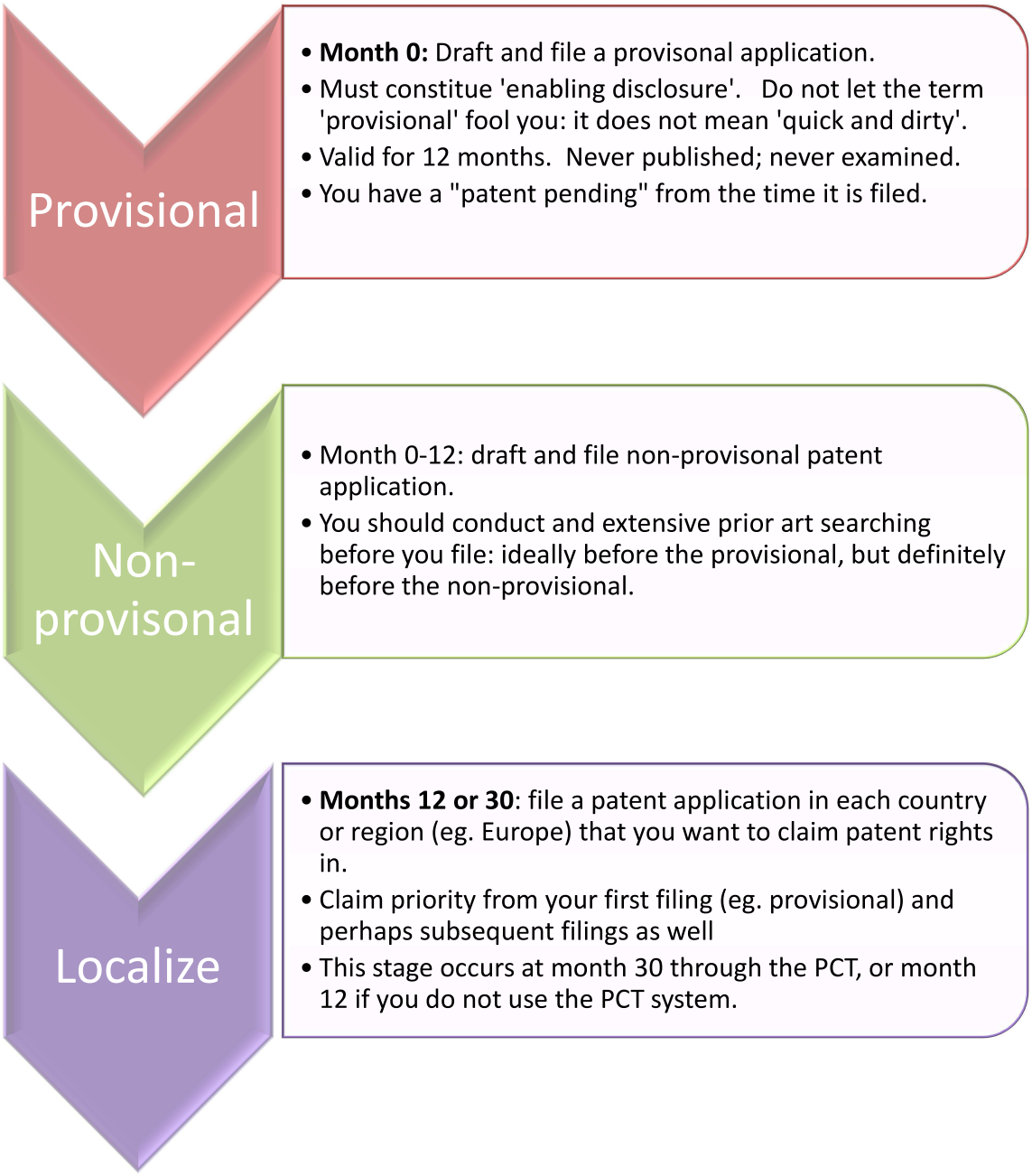
THE PATENT PROCESS



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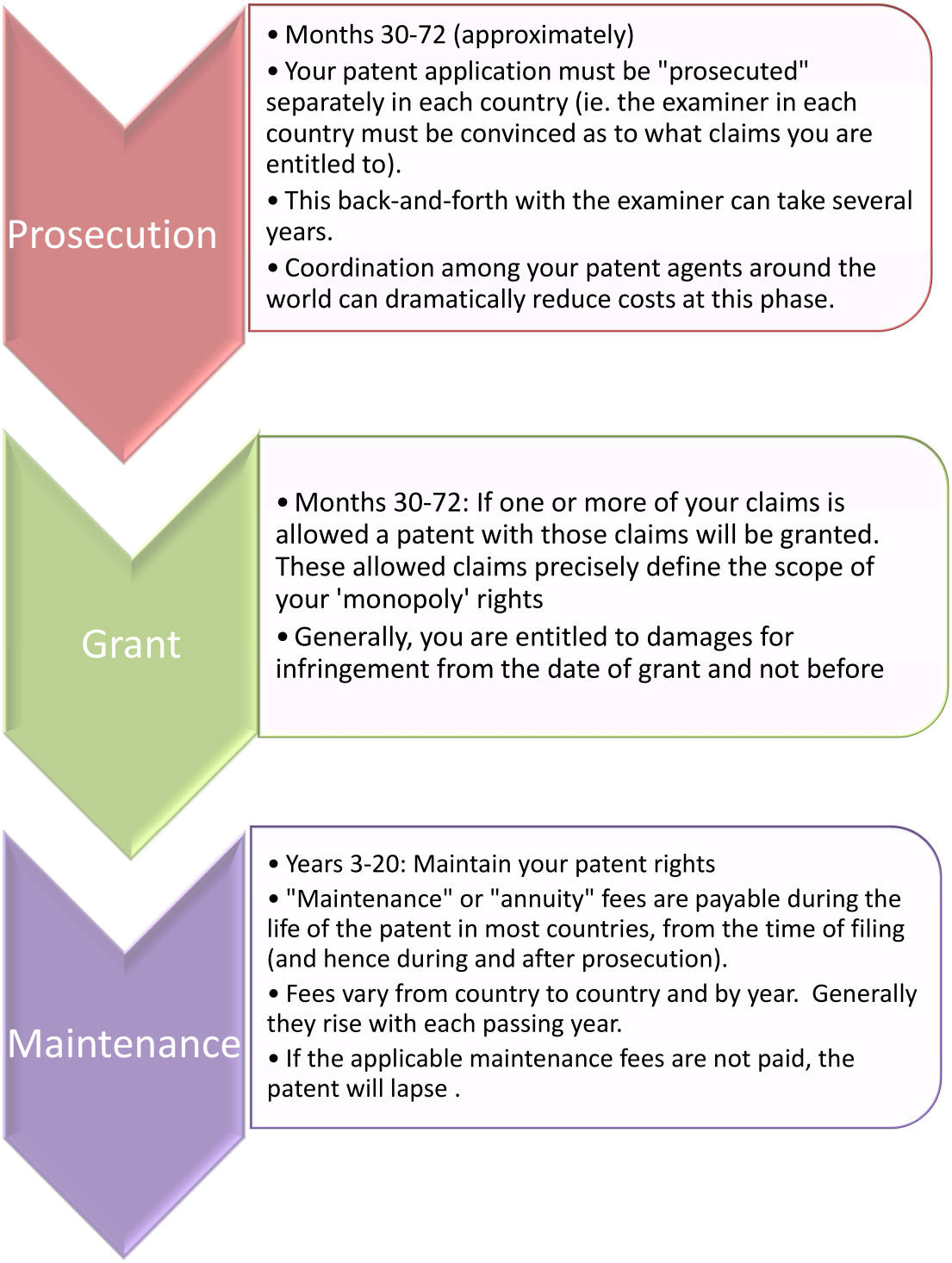

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MORE ON THE PATENT PROCESS: PROVISIONAL TO PCT

Provisional Patent Applications

Generally, a provisional application should be filed as soon as possible. Delay creates risk – risk of disclosure, risk of other inventors, and risk of competing applications which may make your invention obvious in light of the prior art.

A provisional patent application is precisely that. It is provisional. It will expire in 12 months. It is never examined and never published. You must replace it with a full patent application within a year or lose your priority date.

A good provisional patent application is **not** a 'quick and dirty' application, or an invitation to amateurs to try their hand at patenting. Ultimately, your claim to priority, and likely the validity of your patent claims will depend upon the disclosure in the provisional application. If the provisional is weak or poorly done, you will suffer. The disclosure in the provisional application must be enabling of the claims you ultimately make in your non-provisional: the disclosure must be such that a person of ordinary skill in the art can repeat the invention without undue research or experimentation.

Searches

We strongly recommend carrying out good prior art searches as soon as practicable. If possible, they should be done before the first patent application (often a provisional) is drafted. However, if time is short (usually because of a pending disclosure, for instance at a trade show), and the first patent must be filed very quickly, then the searches should be conduct as soon as possible after the filing of the provisional patent application.

The results of the search will teach you many things including:

1. The scope of your possible claims and whether they must be narrowed to avoid prior art and/or broadened to deal with a wider range of embodiments.
2. The potential strength of your patent and its ability to block others.
3. Efforts of others to solve the same or similar problems.

Improvements.

With the results of your search in hand, and increased knowledge of the precise nature and scope of the invention and its marketability, you may choose to retain the

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provisional patent as is; file a supplemental provisional application that describes the invention in greater detail, broadens its scope; or navigates better around existing prior art.

Abandoning an application.

It is always worth considering whether you want to continue or whether you might want to abandon your provisional or non-provisional patent application. If you do, you need to decide if you wish to:

- Keep the invention secret either permanently (as a trade secret) or temporarily in order to file a subsequent patent applications (trade secrets are not suitable for inventions that can be reverse engineered) if the invention has not yet been disclosed; or,

- Disclose the invention. If you do, you should consider disclosing the invention as thoroughly as required to preclude anyone else filing a patent application that might prevent you from using , making or selling the invention.

Non-Provisional Patent/Utility Patent.

If you wish to retain patent rights, then prior to 12 months from the earlier of first disclosure of the invention and filing of the provisional patent, you must replace your provisional patent application with a full patent application that contains a fulsome disclosure **and claims**. The full application can be Patent Cooperation Treaty filing ("PCT") which maintains your right to file in most countries throughout the world later; or you can simply file directly into a few chosen countries (e.g. U.S, Canada). The PCT filing costs approximately $3500 more in government fees, but, you gain i) a search and preliminary opinion from an examiner, and ii) 18 further months of deferral of the national entry phase.

PCT National Entry.

If you make use of the Patent Co-operation Treaty for filings in many counties, you must complete the national entry phase for most countries at month 30. You should anticipate substantial costs for local representation, translation and government fees at this stage. As a result, it makes sense to plan well in advance of month 30 what countries you want to enter in light of how much advance preparation will be required.

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BASIC PRINCIPLES OF PATENTING

Disclosure in exchange for a monopoly. A patent is a state-sanctioned, time-limited monopoly. The basic premise of the patent system is that in exchange for the inventor disclosing an invention to the world, the state will give the inventor a monopoly on the right to use the invention for a limited period of time (20 years from date of application). All patent applications (except for US provisional applications) are published at month 18 if they are not withdrawn beforehand, regardless of whether they are subsequently allowed or not.

Not a right to use. A patent is not a license to use your invention. A patented product may infringe an invention patented by another party or require government certification. In fact, many inventions are 'improvements' to previously patented inventions. The inventor of the second invention requires a license from the first invention to 'work' the second invention.

Not a product. A patent is for 'the allowed claims' not 'a product'; a patent is for legal rights, not physical things. Physical things may 'use' or 'embody' the claims.

Inventors, applicants, owners. A patent right is a property right, which means that the owner can enforce it against all trespassers/infringers. The inventor is the person who 'invents' the invention that is patented. The applicant is the person who applies for the patent. The applicant must be either the inventor, or, an owner who derives their right to the invention from the inventor (eg. The inventor's employer). The first owner of the right to patent is usually either the inventor, or someone who has already acquired this right by contract or by other duty (eg. Employment contract or fiduciary obligation). Ownership can be bought, sold, and licensed. Transfers of ownership are documented by way of an assignment in writing.

Country by country. Patents are granted and maintained on a country-by-country basis. There is no such thing as a 'worldwide' patent. You must apply, prosecute, and maintain your patent in each country separately, and it is quite possible to patent in only some countries and to have no monopoly rights in others. The Patent Cooperation Treaty establishes system for coordinating the filings of patents into multiple countries, but it does not alter the fundamentally 'local' nature of the process.

Applications: draft and file. The first step in the process of securing patent rights is to draft and file a patent application. Increasingly, it is common to first apply for a provisional patent (valid for 12 months), and then to file a non-provisional utility application prior to the expiry of the provisional application.

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Prosecution. You patent application will be examined by an examiner. The examiner likely will not accept your application as first presented, and will raise objections which are communicated to you in "Examiners Reports" or "Office Actions". You must respond in a timely fashion to Examiners Reports and address the objections of the examiner. This 'back and forth' process is known as 'patent prosecution', and it can add substantially to the cost and delay in securing an allowed patent. Ultimately, you must overcome the objections of the examiner to secure allowed claims; objections that are not overcome will result in rejection of your application.

Not self-enforcing. Patents are not self-enforcing and the government does not enforce your patent for you: patent infringement is not a crime. In most countries the owner of a patent must sue any infringers to enforce the patent, and must prove infringement before being awarded damages. A patent without the threat of litigation is worthless. Frequently, alleged infringers defend on the basis that they are not infringing, and counterclaim to the effect that the patent is invalid. A high proportion of patents are declared invalid in these proceedings.

DEADLINES FOR FILING THE FIRST PATENT APPLICATION

Novelty

To be patentable, your invention must be 'novel'. That means that is must be truly new: no one, anywhere in the can have disclosed the same invention to the public before your first patent application is filed.

For most countries in the world, you must file your first patent application on your invention somewhere in the world before you disclose your invention to any member of the public anywhere in the world. This is known as 'absolute novelty'. Canada and the United States have an unusual extra 12 month grace period: an application for a patent in the United States and Canada must be filed within 12 months of the first public disclosure of the invention by the applicant.

Disclosure

Public disclosure is triggered by **any enabling** disclosure of the invention to the public. The public is third parties not under a duty of confidence. Written disclosure can occur through a wide range of forms: publication of a patent application (e.g. publication of a United States application at month 18) or scientific journal article or website, or online forum can all constitute public disclosure. Note that disclosure

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anywhere in the world to the public counts. Conversely, however, not all disclosures are disclosures to the public: if you describe your invention to someone under a duty of confidence (eg. A lawyer or patent agent, or, after signing a Non-disclosure Agreement) then that is not disclosure to the public. In order to bar you from patenting, your earlier disclosure must have been 'enabling' and 'available to the public'.

The on-sale bar: U.S. law automatically deems disclosure to take place when a product which embodies the invention is made available for sale. Canada does not have a similar rule.

BEYOND THE BASICS: KEY FUNDAMENTAL PRINCIPLES

Priority

Every filing cannot be the first filing. The concept of 'claiming priority' from an earlier filing is very important in patent law. It is a treaty called the Paris Convention that permits a non-provisional patent application filed after the first public disclosure to claim priority to a provisional filed before the first public disclosure, and thus for the non-provisional to comply with 'absolute novelty' requirements (for instance, in Europe). In order to claim priority to a previous filed application that describes the invention, provisional or otherwise, the patent application requesting priority must be filed within 12 months of the first filing. An application may request priority on multiple previously filed applications provided that the application is filed within 12 months of the earliest filed application. Priority can only be claimed to a prior application which includes an enabling disclosure for at least part of the invention.

Obviousness

Obviousness is one of the most important concepts in patenting. To be patentable, an invention must be 'not obvious' in light of the prior art. The test for obviousness is subjective, and premised on what the person of ordinary skill in the art (who is not a genius, but not stupid) would have known and have been likely to try. Thus, it is possible that something 'new' may still be obvious and not patentable. Even though no one may have yet done precisely or exactly what you now propose as your innovation, if you innovation is 'obvious to try' or 'taught, suggested or motivated' by the prior art (any one piece of prior art, or a combination of pieces) to a person of ordinary skill in the art, then your improvement is obvious and not patentable. Objections for

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obviousness are extremely common, and many patent claims are rejected on the basis that they are obvious in light of the prior art.

PATENTABILITY

Different jurisdictions have different rules about precisely what is and is not patentable subject matter. Algorithms and laws of nature are not patentable. Some of the most contentious areas include software, business methods, and methods of medical treatment (patentable in the United States, not patentable in Canada and India, for instance).

Software

In most jurisdictions software is not 'per se' patentable (the actual source code is almost always protected by copyright, but that protects against copying but does not protect the idea), but, inventions that meet the requirements for being patentable inventions, which happen to be embodied or performed through software, often are patentable. The crucial distinction is whether the invention stands alone from the software. This is a complex area, with considerable regional variation, which should be considered when forming your patent strategy.

Business methods

Although algorithms and laws of nature are not patentable, some business methods (ways of carrying on business) which are less abstract and more concrete than algorithms and laws may be patentable in some jurisdictions. This is a complex area, difficult to predict, with rules in flux and courts in disagreement.

USING PROFESSIONALS: PATENT AGENTS/PATENT ATTORNEYS

Patents are highly technical and complex. The entire scope and value of your legal rights rests on the precise wording of the allowed claims in your patent, as well as a number of other factors. There are many traps for the unwary.

Of course you can do your own patent work yourself, but we believe that is almost always a 'false economy'.

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If a patent is valuable, it will be worth a significant amount of money for alleged infringers to 'rip it apart' – to prove that the patent is invalid, or should never have been granted, or does not cover the activities of the alleged infringer. There are an almost endless number of bases to attack a patent, and many of them are truly 'legal technicalities'. In patents, technicalities matter a lot and it is almost impossible to expect that in your first few times patenting you will master all of these technicalities.

If you invention is worth patenting, it is worth patenting well. That said, however, we do not believe that you should spend a fortune on professional advice. In our view, good advice is cost-effective advice and that is one of the reasons we are so committed to our flat fee model with *no mysteries, no surprises.*

POWERS OF ATTORNEY

The applicant for a patent in most jurisdictions must provide the patent attorney of record in that jurisdiction with a Power of Attorney. Accordingly, coordinating the various powers of attorney is an important exercise, and efficiency and planning can save a great deal of time and grief.

CHANGING PATENT ATTORNEYS

An applicant can change their patent attorney of record on a pending application or granted patent at any time.

In order to change attorneys, the applicant must 'revoke' their patent attorney of record and replace them a new one.

To effect such a change, the applicant must complete and file the appropriate form for the jurisdiction in question.

MAINTENANCE FEES

Most countries charge "annuity fees" or "maintenance fees" in order to maintain your patent rights during the term of the patent (20 years). Often the amount escalates with age. Some countries, like Canada, charge annual fees. Other jurisdictions, like the United States, impose fees less frequently. In any event, maintenance costs can be quite significant especially if your patent has been allowed in multiple jurisdictions and they provide a hefty incentive to 'use it, license it, or drop it'.

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INVENTORSHIP: WHO IS/ARE THE INVENTORS?

Patents protect 'inventions', and only the inventor or someone who acquired their rights from the inventor (employer, university, etc.) can apply to patent the invention.

It is crucial to name all inventors but only the inventors on a patent application. If the applicant does not properly name the right inventors, the patent may be invalid.

However, who is an 'inventor' is not necessarily always obvious.

An inventor is someone who has contributed to the inventive concept recited in the claims. If more than one person contributed to the inventive concept, then they are co-inventors. Similarly, an inventor does not need to be the prime originator: as long as an individual contributed to the inventive concept, they are a co-inventor and need to be named on the patent application as an inventor. Indeed, it is possible that there are more than one co-inventors and no one prime.

However, if a person's contribution is directed to verification rather than the original inventive concept, that person is not an inventor and does not need to be named on the application. It is not enough to have a good idea to be considered an inventor; the inventive concept must be "reduced to a definite and practical shape". Similarly, by merely putting forward an idea, or suggestion, in terms of an objective or an end result one has not thereby invented anything which is necessarily validly patentable, and is therefore not an inventor. In the steps leading from conception to "reduced to a definite and practical shape" to patentability, the inventor(s) may utilize the services of others, who may be highly skilled, but those others will not be co-inventors unless they participated in the conception of the invention as opposed to merely its verification.

OWNERSHIP AND ASSIGNMENTS

Patents are owned by their owners. The first inventor may be the owner, but not this is not the case if someone else (for instance an employer) has a contractual or other right to own the inventions made by the inventor. However, in all cases the owner must be able to trace their change of title and right to own the invention and patent from the inventor(s). Accordingly, it is very important that the patent office register reflect the proper ownership of the patent. Proof of transfer of ownership of patents is by way of registration of a signed written assignment.

It is often necessary to register an assignment when the owner is anyone other than the inventor. Some countries charge a government fee to register an assignment. Ideally,

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the PCT application should properly reflect the ownership of the patent before the national phase filings (otherwise, title will have to be rectified 'country by country').

An assignment of a patent must be signed and dated by the assignor(s). Although not mandatory in all jurisdictions, it is preferable that the signature is witnessed by another individual. Best practice is to also have the assignment signed by the assignee, and to have the entire assignment notarized. Some countries require originals, so having multiple originals prepared can be helpful.

PATENT STRATEGY BASICS

All patent strategies require a balance between two competing values:

a) The potential benefits of the patent over the long term; and

b) The costs of the patent, most of which will be borne in the near term.

Uncertain benefits. The benefits of a patent are uncertain and range from very high to nil. For some companies, patents truly are the 'crown jewels' and they represent the difference between staggering success and complete failure. However, some issued patents are worthless. To add to the problem, valuing even an issued patent is extremely difficult and at a minimum requires - knowledge of patent law, business, and the technology to which the invention pertains.

For a patent to be valuable, it must be valid and enforceable against potential infringers. Not all issued patents are valid – many are invalidated in litigation, despite a presumption of validity. To be valid, a patent must cover an invention that is novel, inventive and useful, and comply with a number of other requirements. For instance, if it turns out that the patent was anticipated by prior art (even if that art was unknown to you or the patent examiner at the time of issuance) the patent will be invalid. As to enforceability, potential challenges include that you must have a valid patent in the country where you aim to stop the infringer's activities and that it must be possible secure and enforce judgment in a reasonable time period and at reasonable cost in that jurisdiction.

Second, to have value, the patent must define claims that have monetary value, so that competitors cannot design easier or cheaper alternatives. This issue is not internal to the patent itself or patent law, but rather relates to the nature of the technology, the availability and cost of alternatives, and what customers of the patented invention are willing to pay for.

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Certain Costs. The costs of patenting are relatively certain and immediate. They are almost never inconsequential, and they can be substantial especially if you wish to file multiple patent applications and/or file in a large number of countries.

Unfortunately, while you must spend money to secure valuable patents, spending a lot of money does not guarantee that your patents will be valuable.

As a result, formulating and executing a patent strategy is one of the most difficult exercises of judgment for managers of technology companies. Management must trade off the competing objectives of minimizing currents cost, while maximizing future available protection. There is no easy answer to this trade-off – it is a matter of judgment that must be sensitive to context (e.g. market conditions, rate of evolution of technological innovation, etc).

Often, the single most important thing that management can do to facilitate wise patenting is to:

a) secure the maximum rights possible in a timely fashion, and then

b) defer the expenditure of money on patents to the greatest extent possible without violating principle (a).

Secure maximum rights. Generally, the quickest, cheapest, and most effective way to secure the maximum possible patent rights is to file a U.S. provisional patent application immediately, prior to any possible disclosure of the invention. More information on provisional patents is provided in our handout “From Provisional to PCT”.

Exploit deferral. Deferral is your friend because:

a) Money not spent now is money that can be used on growing the business.

b) During deferral, you can enhance your knowledge and thus make substantive improvements to your patent application(s). Deferral does not mean ‘do nothing’. Indeed, it means, ‘work quickly’. You can, and should, increase your knowledge over time of: the potential strength of the patent application(s); the potential weaknesses of your disclosure or claims, or means to work around your patent; and the marketability of the invention. Use this knowledge to improve the patent application, to cull weak ones, and to focus on good ones in ways that will maximize marketability of the invention.

Consider alternatives. Throughout the patenting process, you should consider alternatives to patenting which include maintaining the invention as a trade secret, trying

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to use other lower cost intellectual property rights like industrial designs, copyrights and trademarks, or, to adopt an 'open source' non-proprietary approach. Sometimes, customer traction with earlier adopters is the most powerful barrier to entry and protector of your lead and you should not spend time or money on trying to retain exclusive intellectual property rights.

Start monetizing immediately. The mirror image of the significance of deferral of patent costs is the importance of commencing efforts to monetize the invention immediately.

WHERE TO FILE YOUR PATENTS

A strategy is required. You must have a strategy for determining where to file your patent application. It costs money for each country in which you file a patent. These costs include government filing and maintenance fees, translation costs, and attorney fees for local representation and prosecution and can easily run into the thousands of dollars for each country. Accordingly, while it is rare that you should not apply in the United States, beyond that the scope of application varies greatly with your budget and the nature of your product and industry. On the other hand, however, the US represents less than 25% of the world economy (and is shrinking in relative terms) so you need to have a strategy for 'the rest of the world'. Even if your strategy is to not bother filing outside the US, we believe that should be planned not accidental.

The theory. You should apply if the investment in a domestic patent will produce a positive return on investment over the life of the patent relative to investing the funds in other aspects of the business. Unfortunately, you cannot determine this with certainty, as the calculation depends on a number of unknowns and contingencies. To calculate this, the factors you would need to consider include:

1) The cost of securing the domestic patent. You can make a decent estimate of this.

2) The cost of enforcing the domestic patent. This is unknowable, but should be estimated as a large number.

3) The likelihood that the patent application will progress to a valuable, issued and enforceable patent:
   a) Approximately 50% of US applications are abandoned.
   b) A large number (around 50%) of patents are invalidated when litigated in the US.

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c) Many valid patents end up being relatively easy to 'design around'. You should assume a high failure rate, over the order of 80%.
d) In some jurisdictions the substantive patent law will help or hinder you in terms of how likely it is that broad claims will be allowed; for instance, some jurisdictions (Canada, India) preclude patenting methods of medical treatment, and some jurisdictions (eg. Europe) do not grant broad business method or software patents.

4) Your cost of capital. If you are a start up, this will be high, and this will drive down the value of a current patent application.

5) The cost of capital of any acquirer of your business or invention (or strategic licensee). This will likely be lower than yours if you sell or license to a mature business.

6) The margins on the product that embodies the invention.

7) The incremental revenue that can be attributed to the patented invention.

As a very rough rule of thumb, a domestic patent will pay off if, but only if, the patented invention will lead to substantial incremental revenue beyond what you would have secured without the patent. It is seductive to conceive of patents as applicable to 'new, new things', but careful analysis suggests that patents on inventions that reduce costs for customers in a pre-existing and large industry are most likely to pay off. For instance, an invention that reduces the energy consumed to make a commercial product like paper or concrete is more likely to pay off than most new 'nice to have' brand new consumer products.

The practice.

Generally, you want to patent:

1. where there will be a large market for the product or service that embodies the invention, and

2. perhaps, where the 'product' will be manufactured or the service provided if not the same as (1). For instance, consider patenting semiconductor inventions in Taiwan, as it has a global presence in semiconductor manufacturing.

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With respect to item (1) the factors to consider include:

- The size of the potential market for the invention in each country.

- Consider geography and cultural factors. Some inventions are specific to certain industries which are geographically-restrained or more relevant in certain cultures. For instance, the petroleum extraction industry is a source of a number of inventions. Patents will be most valuable in other countries that also participate in petroleum extraction (eg. Consider the United States, Russia, Norway, Canada, Brazil, and the Gulf States.)

- If the invention is not constrained by geography, the market size in any given country is roughly correlated to Gross Domestic Product for that country.

    - Some countries, like India, have large populations. Some, like Scandinavia, have affluent populations. Clearly, the United States has the highest combination of affluence and population for many products and that is why it ranks so highly as a preferred jurisdiction to patent in. (It also has robust patent laws – see below). Some, like Canada, have a higher combination of affluence and population than you might expect.

    - You can cover roughly 60% of current world GDP by filing in the United States, Germany, Japan and China, and roughly 75% by adding Canada and Australia.

    - You may want to consider market growth over the life of the patent, and hence should consider the BRIC nations (Brazil, Russia, India & China).

- Sometimes, it makes sense to focus on where products are manufactured rather than used. For instance, consumer electronics are used worldwide, but only manufactured in a few countries. Focusing on these countries could be very effective at modest cost. However, manufacturing is increasingly mobile. Another interesting option is to consider 'trans-shipment points' and local hubs, such as Singapore and Panama.

- The cost of filing, prosecuting and maintaining the patent in each country.
    - Some countries have low filing fees, and some are very costly. For instance, the cost of filing, including translation costs, is high in Japan.

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  - Some countries have low prosecution costs. Also, many countries belong to regional conventions that can reduce patent costs (Europe, Africa etc.). In Canada, using the "patent prosecution highway" can dramatically lower the cost of prosecution in Canada if you are already prosecuting in a country such as the United States.

- The cost and likelihood of enforcing the patent in the country. A patent is nothing more than 'a call option to sue for infringement'. To enforce the patent you (or an acquirer or licensee) must sue to enforce it, in that country.

Legal systems vary and the Rule of Law is better established in some countries than others. If enforcement in a country is likely to be prohibitively expensive, extraordinarily slow or capricious, the value of a patent in that country is seriously impaired. However, some countries like China that lacked a strong history of the Rule of Law are making rapid improvements to the robustness of their patent laws and enforcement, and what you really need to consider (but certainly cannot 'know') is what the Rule of Law will be like in the second half of the patent term (years 10-20).

You should always consider the potential value of a patent not just to 'your business' but to a potential acquirer of your business or licensing partner. You may be small, but they may be large with global brands, deep pockets, and the ability to get value in locations that may be well beyond your means.

LITIGATION

The prospect of patent litigation can be daunting. However, we do not believe that there is any reason to avoid patenting in simply because of the cost of litigation.

In particular, patentees must remember that litigation is a two-way street. Without litigation, there can be no patent enforcement. Accordingly, a robust litigation environment is beneficial for patentees.

It is true that patent litigation can be expensive. However, these fees are part of doing business, and often offset by the magnitude of damages awards, and increasingly, by 'loser pays' fee recovery awards.

We believe that the right strategy for patent holders who believe that they do not have the resources to litigate successfully (at all, or in particular jurisdictions) is to seek out partners with financial strength – either licensees, or attorneys who work on contingency, or other forms of financial partners. Failing to patent simply because of

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the cost of patent litigation is a bad strategy – it is an unwarranted and too early concession of defeat. Moreover, you cannot easily control if someone might sue you for patent infringement, and if you own some patents, your patents can provide useful bargaining leverage for resolving these disputes. If you have an invention that might be valuable to a large deep-pocketed entity, your best strategy is usually to protect the invention and then immediately start trying to form partnerships with entities that have the resources to get the most value from the patent.

About Us.

We are a team of patent agents and lawyers who help Canadians protect their patents (and other intellectual property rights) in Canada, the United States, Europe, and around the world. We deliver cost-effective excellence: great advice, great service, at fair prices. Our firm is built on the principle of '*no mysteries, no surprises'* and this extends to our fees which are 'clear, flat fees' whenever possible.

Of course, we would be pleased to answer any questions. Contact us by phone or email at any time.

We look forward to serving you.

About US

We are a team of patent and trademark professionals who provide high quality, cost-effective services for Canadians States. Contact Us at:

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