



## Delaying Patent Prosecution Cost

*This is Part III of a three part article discussing the strategies educational institutions can use to protect their intellectual property, while keeping associated costs under control. You can access Part I (Focusing on the Winners) and Part II (Partnering with Business) on the Campus Counsel web site [www.cwilson.com/newsletters](http://www.cwilson.com/newsletters) (Part II also appeared in CURIE's December 2004, Volume 15, Issue 4).*

### What's inside

- **Date to Mark on your Calendar**

Once the decision to patent an invention has been made, there are many tactics that can be used to delay patenting costs. All these tactics have the same goal -- to delay significant patent costs until one is confident about the invention's commercial prospects, an investment and/or a commercial partner has been secured and, perhaps, revenues have started to be earned from the invention.

Any such delaying tactic must confront two key tenets of patent law, that in general:

- A patent will be awarded only to the first inventor to file a patent application for any given invention (i.e. the proverbial race to the Patent Office), and
- No patent will be awarded for an invention that has been disclosed to the public before a patent application was filed, with the exception that Canada and the United States both grant a one-year grace period in which to file a patent application after an inventor first discloses his invention to the public.

These patent law tenets are typically deadly traps for the unwary. Three legal vehicles regularly used to delay patent costs without falling into the traps are: provisional patent applications, priority rights, and the Patent Cooperation Treaty.

#### (a) **Provisional Patent Applications**

Provisional patent applications ([www.uspto.gov/web/offices/pac/provapp.htm](http://www.uspto.gov/web/offices/pac/provapp.htm)) are very popular with educational institutions, technology companies, and anyone who has an active research program that generates a lot of early stage inventions.

Provisional patent applications can be a quick, easy, and cheap way to preserve the patentability of an invention while further technical refinement and commercial development is undertaken. Once a provisional patent application has been filed, the applicant is free to publish information about the invention and to pursue commercialization without risk of jeopardizing its patent rights, so long as it files a related formal patent application within one year of filing the provisional application. One popular tactic is to file a series of related provisional patent applications, one after each significant technical or commercial milestone in product development is achieved, and to file a formal patent application that incorporates them all, within one year of filing the first such provisional patent application.

Reproduced from  
Clark, Wilson's  
Campus Counsel  
(Clark, Wilson is a  
BC Law Firm).

After UBC has completed its in-depth Technology Assessment Report for an invention and accepted the invention for commercialization, Mr. Jones (Associate Director of UBC Liaison Office) says that they file one or more provisional patent applications that have been prepared in-house and then market the technology for the next 12 months to determine whether the invention can attract sufficient commercial interest to warrant a formal patent application.

An essential characteristic of a provisional patent application is that it doesn't have to adopt the legalistic form and jargon of a formal patent application, and in particular need not include patent claims. It is much better that a provisional patent application be organized as a clear and comprehensive technical disclosure of the invention, describing how the invention is implemented and used but generally not speculating on why it works. For broadest patent rights, it is important to canvas all the important alternative implementations and uses of the invention. Additional guidance on preparing a provisional patent application may be found in the article "Care Needed with Provisional Patent Applications: Tripping in the Race to the Patent Office" in the February 2003 issue of our "Knowledge Bytes" newsletter ([www.cwilson.com/newsletters/jp/Kbfeb03.htm](http://www.cwilson.com/newsletters/jp/Kbfeb03.htm)) or the book/ebook "Patent Pending in 24 Hours" written by Richard Stim and David Pressman and published by Nolo Press, 3<sup>rd</sup> Edition (December 2004), ISBN: 1-4133-0094-2, available for download at [www.nolo.com](http://www.nolo.com).

A provisional patent application might be a specifically drafted document or else it might be a repurposed and perhaps revised version of an already-existing document, for example a thesis, an academic paper, or an invention disclosure provided to an Industry-Liaison Office. The effort that goes into preparing a provisional patent application generally depends on the time available and the resources allocated to the invention. If, for example, researchers will be presenting a paper at a conference or submitting a paper to a journal for peer review tomorrow, then public disclosure of the invention is almost certain to occur, and patent rights would be best protected by preparing and filing a quick provisional patent application before such disclosure, perhaps with a more thoughtful application to file shortly afterward.

**The effort that goes into preparing a provisional patent application generally depends on the time available and the resources allocated to the invention.**

## **(b) The Paris Convention and the World Trade Organization**

Patents are administered on a country by country basis. As discussed above, in general a patent will only be awarded to the first inventor to file a patent application for any given invention, and even then, only if the patent application had been filed before the invention was disclosed to the public. Therefore, there is an urgency to determine which countries present commercially significant potential for an invention so that patent applications can be filed in such jurisdictions before a patent law trap prohibits patent rights.

Fortunately a large fraction of the countries around the globe, including all commercially significant countries, recognize foreign priority rights either in their capacity as signatories to a treaty called the *Paris Convention for the Protection of Industrial Property* or as members of the *World Trade Organization*. In effect, foreign priority rights enable an applicant to file a relatively cheap first patent application at home (either provisional or formal) and to delay filing more expensive foreign applications for a priority period lasting up to one year, all the while working to commercialize the invention. Toward the end of the priority period, the applicant will have better information as to the commercial potential for the invention and its commercial potential in specific jurisdictions. Should the applicant decide within the priority period to file a foreign patent application and claim foreign priority rights, the foreign jurisdiction will deem the foreign patent application to have been filed on the very same day as the first patent application was filed at home. Thus the applicant has delayed costs and enjoyed the opportunity to obtain additional

commercialization information, all without increasing the risks from public disclosure and the race to the patent office.

### (c) The Patent Cooperation Treaty

In many situations, the priority period discussed above may still provide insufficient delay; the patent applicant may still not be in a position to make a reasonably informed decision about filing foreign patent applications. The most common situations are that:

- The applicant still hasn't identified all of the countries that present important commercial potential and doesn't want to surrender rights in any just yet, or
- The applicant knows which countries it wants to pursue rights in, but still needs to delay patent costs because, for example, it hasn't secured necessary investment, commercial partners, market intelligence, or product traction.

In such situations, before the end of the priority period the applicant should file an International Patent Application under the auspices of the Patent Cooperation Treaty, designating all countries of potential interest. This step purchases further delay and certain other advantages at a cost of approximately CA\$5,000. This further delay lasts between 18 and 30 months, depending on the local patent laws of each designated country.

Under the Patent Cooperation Treaty, a patent application is processed in two phases: an initial, unified international phase within the World Intellectual Property Organization and subsequent, divergent national phases within the Patent Office of each country designated by the applicant. This phasing allows the applicant to concentrate initially on the unified International Patent Application in the international phase and to delay the significant effort and expense of preparing his patent application documents for each designated country, instructing foreign lawyers, and negotiating with foreign Patent Offices. The International Patent Application can be filed with the Canadian Patent Office, in French or English, paying Canadian dollars.

During the international phase the Canadian Patent Office will search patent databases to identify relevant patents for similar inventions and, at the applicant's option, will render a non-binding opinion on the patentability of the invention. The search results and any rendered opinion are also provided to all the foreign Patent Offices that the applicant designated in the International Patent Application. These foreign Patent Offices are free to conduct their own searches and to reach their own conclusions on patentability; however, they typically find the international search and opinion to be persuasive. Thus, at the end of the international phase, the applicant has not only delayed foreign patent costs and enjoyed the opportunity to obtain additional commercialization information, but also has obtained information on whether the invention is likely to be patentable and, if so, the likely scope of such patent rights. All of this information gives the applicant a chance to make such better decisions on allocating resources, and in particularly deciding whether to pursue the patent application in foreign countries.

#### Conclusion

Educational institutions that are successful at commercializing their technology accept the fact that they have far more promising inventions than they have resources to commercialize them all. Successful institutions allocate their resources as intelligently as possible:

- identifying inventions that have the best chance of profitable commercialization and focusing all efforts on those inventions while disposing of the others (discussed in Part I of this series, [www.cwilson.com/newsletters/cc/cc-may04.htm](http://www.cwilson.com/newsletters/cc/cc-may04.htm)).

During the international phase the Canadian Patent Office will search patent databases to identify relevant patents for similar inventions and, at the applicant's option, will render a non-binding opinion on the patentability of the invention.

- funding intellectual property protection for inventions for only so long as is necessary to partner with a business that can assume most, if not all, of the expenses incurred on the path to commercialization (discussed in Part II of this series, [www.cwilson.com/newsletters/cc/cc-oct04.htm](http://www.cwilson.com/newsletters/cc/cc-oct04.htm)), and
- in the interval between identifying an invention and partnering with a business, adopting best practices in pursuing intellectual property protection in order to keep costs under control.■



## DATE TO MARK ON YOUR CALENDAR



**September 17 & 18, 2005 CURIE University & College Risk Management Conference (AGM)  
Montreal Marriott Chateau Champlain, Montreal, Quebec**

**CURIE University & College Risk Management Conference** (Sat. 9-4, Sun. 9-1)

**CURIE Board Update** by Tony Whitworth (CURIE - Chair)

**CSI (Crime Scene Investigation) - Anatomy of a Slip and Fall Claim** by the CURIE Cast

**Ice & Snow Maintenance** by S. Roberts (CURIE)

**Launching the New and Improved Certificate of Insurance Program** by C. Green (CURIE)

**Class Actions - What's Up** by A. Rudakoff (MacLeod Dixon)

**CURIE Operational & Strategic Review Results** by B. Worth

**Claims Update/CURIE Services** by S. Roberts (CURIE)

**Insurance Review - Finding the Holes** by J. Stein (University of Calgary)

**Member roundtable discussion (bring your questions &/or problems  
to discuss with your peers)**

REGISTRATION FORMS WILL BE SENT OUT IN JULY TO OUR SUBSCRIBERS. IF YOU WOULD LIKE TO ATTEND BUT DO NOT RECEIVE YOUR FORM, PLEASE CALL TERRY PAGE (905-336-3366) OR E-MAIL ([tpage@curie.org](mailto:tpage@curie.org))

### CURIE Risk Management Newsletter

Published and distributed by Canadian Universities Reciprocal Insurance Exchange (CURIE), 5500 North Service Rd., 9<sup>th</sup> Floor, Burlington, Ontario L7L 6W6 ISSN 1196-085X

Telephone: (905) 336-3366 Fax: (905) 336-3373 Editor: Keith Shakespeare

Opinions on insurance, financial, regulatory and legal matters are those of the editor and others, professional counsel should be consulted before any action or decision based on this material is taken.

Permission for reproduction of part or all of the contents of this publication will be granted provided attribution to CURIE Risk Management Newsletter and the date of the Newsletter are given.