

Get More Bang for Your Patent Buck!

by Robert H. Barrigar, Q.C.

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With an appreciating Canadian dollar, profit margins are being squeezed. Your technical staff are overworked and don't have time for patent management. You don't have the resources to monitor the marketplace extensively enough to detect infringement of your patents. You fear possible confrontations with well financed larger companies. You wonder whether patents are adding discernible value to your company. What should you do?

If all you hope to accomplish is the right to practise your own inventions without fear that someone else may later attempt to patent them, then your best bet is to prepare and publish a technical paper describing your invention, and as soon as the paper is ready, also file the paper with only minor embellishments as a U.S. provisional patent application. Publication will defeat a later attempt by anyone to patent what you've invented, provided that your publication precedes the later invention. Since there is usually a delay between submission of a paper for publication and the actual publication, and since the publication is effective only as of its publication date, it is a good idea to file the provisional patent application also. The provisional patent application will be effective as of its filing date against a later patent applica-

tion filed by anyone else, provided that you convert the provisional application to, or replace it by, a regular complete patent application. That conversion or replacement can occur any time up to one year from the filing of the provisional, so you have the better part of a year to decide what to do. A concomitant advantage is that by filing the provisional, you preserve your right to obtain a patent eventually. Bear in mind that publication of your invention and obtaining your own patent generate no defence to infringement of someone else's prior patent.

Publication reveals details of your invention to competitors, and you may prefer not to do that at all, or at least to delay publication. If so, proceed as above except refrain from publishing outside of the patenting process. File a regular complete patent application within a year of filing your provisional application. As you approach the 18-month mark after filing your provisional, you may elect to withdraw the complete application, in which case neither the complete application nor the provisional application will ever be published or accessible to the public. At that point, you may if you wish repeat the entire process (losing the benefit of your original filing date). Or, if you are prepared to accept publication of your invention 18 months after you

filed your provisional application, you may instead carry on with the prosecution of your complete patent application with the intention of obtaining a patent. Publication may not hurt you in any case if your product is inherently difficult to reverse-engineer or if it has a number of attributes that you're not planning to patent and that you therefore don't have to disclose.

If you wish to obtain a patent, try to obtain more than one patent to cover your product. If you assert three or four patents against a competitor, you win if only one claim of one patent is valid and infringed. In order for the competitor to win, the competitor must prevail on all claims of all patents. That's a tall order. Especially in the U.S., once you begin the patenting process, you'll find it relatively easy to add patents to protect improvements and modifications of your original product.

Bear in mind that your patent portfolio is valuable not only for its possible deterrence of competitors (or collection of damages from infringers, or collection of royalty revenue from licensees) but also for defensive purposes. If you are sued or challenged, your possession of a patent portfolio for cross-licensing purposes may save you a pot of money.

Many medium-sized companies and smaller ones find their technical personnel overstretched. They find it difficult to divert their human resources to describing inventions and working with patent counsel to prepare and prosecute patent applications. If that is your situation, consider hiring someone who could serve a number of functions including patent liaison with your company's patent counsel. Remove that burden from your innovative engineers. The patent liaison official should be either an engineer or someone with a good deal of technical savvy who understands your company's technology and R&D program, your company's position in the market and marketing objectives, and your company's strengths and potential strengths as against competitors. That individual should also be alert to licensing and cross-licensing opportunities, and if the situation so permits, should be aware of marketing opportunities not only in the U.S. and Canada but also elsewhere. If this individual actively monitors what your competitors are doing, you'll learn not only about infringements of your company's patents but also a lot

about your competitors' product lines and marketing strategies. Chances are that over time, such individual will contribute to your company in many ways, not merely serve as patent liaison representative.

Don't be too nervous about asserting your patents against large, well financed competitors. They don't want to spend money foolishly any more than you do, and they don't like opening themselves to heavy downside risks. U.S. juries frequently require large companies to pay large damages awards. If you have worthy technology, you may have the option of granting licences to infringers, or of accepting their bid to buy you out. If you have to resort to a lawsuit to force the issue, don't assume that you're stuck with the expense of a trial. Almost all patent infringement lawsuits are settled before trial at an acceptable expense. If your case looks good but you just can't support the expense, then consider a merger or some fresh investment in your company or the like before you commit to litigation. What you should be nervous about is the risk of infringing someone else's patent. That question should be examined before you commit funds

to tooling up and manufacturing your new product.

While committing to foreign markets requires investment of time and energy as well as money, the high Canadian dollar may prompt you to look beyond the U.S. Bear in mind that it is a lot less costly today than it used to be to preserve your patenting options in most countries. For a budget of less than \$10,000, you can preserve your patenting options in more than 100 countries, including almost all of the developed countries of most interest, for about 2½ years after filing your provisional patent application. By then you'll probably have a good idea whether it makes economic sense to patent your innovation abroad.

Patents should add value to your company, if only because of their deterrent or defensive value. To maximize their value, your commitment to supporting a suitable corporate action program and human resources that can be at least in part dedicated to optimizing the value of your patents portfolio will be necessary.