

# Patent Filing For Small Business



**Cruickshank**

# Contents

3	A geography lesson
4	What is the market?
5	Short to medium term market
6	The China question
7	World wide appeal
8	What is the cost of a patent?
9	How to manage the cost of a patent
11	Patent cooperation treaty
12	The important markets
13	Patent strategy
14	Conclusion

# A geography lesson

**B**eing based in Ireland, as I am, can give you a curious perspective on a whole range of issues to do with Intellectual Property. Geographically we are situated on the edge of Europe and isolated as an Island albeit an Island divided in two with an economic border between North and South.

Even though Ireland is small country our population is even smaller in relative terms when we look at some of our European cousins. The Netherlands for example has 498 people per square kilometre and Belgium has 370 in contrast to Ireland's 62. Even a sparsely populated Denmark has more than double the number of people per square kilometre at 132.

Why, you the reader might be asking is he giving me a geography lesson instead about talking about IP? Well put simply it is because the market is the first thing we need to discuss before we even consider strategies.

# What is the market?

It is not uncommon, for inventors in particular, to disclose their inventions to us, at Cruickshank Intellectual Property Attorneys, and then declare that they will need “world-wide protection as the product will have world-wide appeal”. In fact uncommon is a gross understatement. For first time patentees it appears to be the norm and this contributes to one of the myths of patents i.e. the cost, but more about that later.

The truth is that while many inventions might have world-wide appeal it is very rare that:

- The market in specific countries is large enough to justify the costs of patent applications.
- There a likelihood of the inventor commercialising the invention in each country
- The cash flow situation of a small or medium sized enterprise warrants the spend necessary to file ‘world-wide’ applications.



# Short to medium term market

Instead you must ask yourself, realistically where am I going to be selling this product in the short to medium term? You will note I used the word **selling** and not making or manufacturing, I will explain later.

Take for example the game of Hurling. For those of you outside of Ireland, Hurling is a field sport played by teams of 15 using a unique stick called a Hurley. It is occasionally played outside of Ireland but only in a very small numbers and generally only by first or second generation Irish people living abroad. So if you invent a new type of unbreakable Hurley stick the only place you are ever likely to sell it , at least in any sort of quantity, is in Ireland. Ireland is therefore the only country worth filing a patent in.

# The China question

Some people ask me at this stage about places like China and India or other low cost manufacturing centres around the world. I explain to them that:

‘

A patent is a monopoly, granted by an individual country to an inventor and lasting generally 20 years in return for them disclosing their technology, that prevents manufacture, importation, assembly or transportation of the protected item in that country....’



In other words it doesn't matter where you make them because if you have patent protection you can prevent them from coming into the country. Hence I protect my market, the only one that matters, and therefore protect my investment and income stream.



# Worldwide appeal

But what if your invention does have world wide appeal because it is something to do with telecommunications for example?



Everybody uses phones right? Absolutely, but can everyone afford your patented product? Will all the inhabitants of Timbuktu want your marvellous innovation?

Who knows? The important thing to remember here is that patents are granted by individual countries and only apply in those specific countries.

Think of a patent like a TV licence, if you have a TV in Ireland you need an Irish TV licence. If you want to bring your TV to France and watch it you need a French TV licence and so on. So similarly if you want patent protection in France you need a French patent. As of the time of writing there is no such thing as a world-wide patent or a European patent.

There is however a **PCT application** which covers 140+ countries, including most of the major ones, and a **European Patent Application** but neither of these confers any rights unless they are nationalised in the individual countries that you have to ultimately choose.

Again a useful analogy is to think of it as there being a world-wide or European driving test.



You may have passed your test but you still have to apply for a licence so if you want an American driving licence you have to apply for one in America and so on.

# What is the cost of a patent?

We often get asked how much patents cost, and although it is impossible to give an exact figure we are able to provide estimates of between €2,000-€4,000 per English speaking country and anything from €3,000-€12,000 per non English speaking country.

So if you decide that you want world-wide patent protection we will quote you somewhere in the region of €300,000! How many start-ups, small or medium sized businesses have that sort of cash available to spend on an innovation that hasn't even hit the market yet? Very, very few. None in fact I would argue.





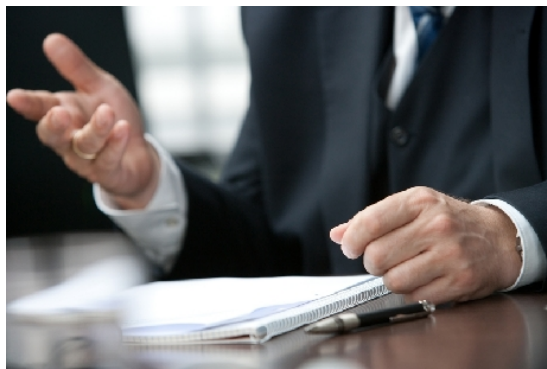
# How to manage the cost of patents

So what to do? The answer is simple as it happens; you manage your cash-flow. It's as simple as that. Cut your cloth to measure and be realistic from the start about where you might sell the invention.

Anyone who has ever boot-strapped a business from the start will tell you that this means spending as little money as is absolutely possible.

## **First Steps :**

The first filing you make will probably be in Ireland or your own National office. This filing needs to be made before the invention is disclosed to the public as any disclosure prior to the filing date may invalidate the patent. This is absolutely essential to bear in mind.





One tip I would give inventors is to remember that most patent attorneys will meet with you and discuss the invention, its patentability and the possibility of you achieving a granted patent in advance of filing. While they are not fortune tellers they equally usually don't charge for this initial consultation so it is worth considering. Someone once said that the problem with free advice is that nobody takes it but I would think anyone that fails to consult with a patent attorney in advance of investing their own time and money is really being a bit foolish.



Anyway I digress. This initial application gives you **12 months** before you have to do anything further. When you file the patents you are given a **priority date** which is the date the patent will be effective from. It is sometimes said that this strategy essentially gives you 12 months of protection worldwide. That is because within this 12 month period you can make filings in any other country you want and backdate that application to your priority date. *It is worth remembering however that it is unlikely that the patent will be granted at this stage.*

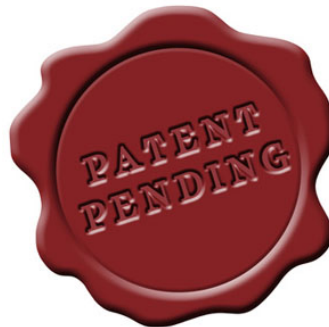
# Patent Cooperation Treaty (PCT)

12 months after the filing date you have to pick the countries you want the patent in or file another application under the [Patent Co-operation Treaty \(PCT\)](#). Now initial costs for the preliminary application will vary depending on factors such as:

## 1. Complexity

## 2. Technology

A reasonable estimate is usually between €1,500 - €3,000. So it's not a huge amount of money, however a PCT application can cost between €7,500 - €15,000 which is a considerable amount of money by most people's standards. The point however is to remember that we are trying to conserve cash. This PCT filing will delay us having to pick specific countries by typically 18 months (it varies from one jurisdiction to the next). So effectively you get 30 months from the date of the first filing before you have to pick countries which as I mentioned above is where the real costs kick in.





# The important markets

I would estimate that when having considered the above 95% of our client's say that they want to sell in the United States; after all it is the second most affluent market in the world and has a population of over 350 million people. **Europe** also is obviously huge; it is actually the wealthiest market in the world and has a population of over 600 million people. So in general if they can protect those two markets and nowhere else they are reasonably happy.



Think of a patent like a tv licence, if you have a tv in Ireland you need an Irish licence. If you want to bring that tv to France and watch it you need a French tv licence and so on..



Obviously there are exceptions to this and countries like China cannot be ignored but as a general rule if I tell my clients that they will have a monopoly in Europe and the US they are happy. Some will be happy with just the UK and Ireland but as I discussed before it all depends on what you are selling. So again costs will vary greatly. I often hear people saying that patents cost millions but this is simply not true.

# Patent strategy

It is worth pointing out that you really need to have a plan in mind for your business before you enter into the patenting process. Make sure to also to consult with a patent attorney. There are different strategies.

## Example 1

Many of our clients file their first application in the UK rather than Ireland. By doing this they get a pretty good search done by a qualified patent examiner within 6 months of the application date. This search report will give them a good road-map of how their application is going to go.

## Example 2

Others will file a PCT application in the first instance because they are actively seeking investors who they perceive will take them more seriously if they have done more than just filing in Ireland.



*'The point is it all depends on the individual case and you should always seek advice from a patent professional in advance of taking any action.'*



# Conclusion

In conclusion consider the following when considering how to approach the patenting process:

- Seek professional advice
- Consider the markets with most potential
- Have a business plan
- Manage costs - protection v cash-flow
- Remember its where you SELL not where you build
- Use PCT to protect for longer
- Patents don't cost millions

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