

How to Decide Where to File Patent Applications

Realistically, you can't protect your invention everywhere. How do you decide where to obtain patent protection for your invention?

Imagine that you have developed a groundbreaking electronic product. Your product is going to revolutionize the industry and take the world by storm. You don't want your competitors to copy the product, compete with you, or undercut the price. At the very least, you want them to pay you compensation for making their competing product.

You know that if you want to protect the product, you should file a patent application. So, you hire a patent lawyer and file a U.S. patent application.¹ Problem solved, right? Time to start manufacturing and marketing your product.

But wait, a patent is a national right. In other words, a U.S. patent would only stop the manufacture, sale, use, or importation into the U.S. of competing products. Competitors from non-U.S. countries will still be able to manufacture and sell competing products in other countries.

So, what can you do to stop competitors outside of the U.S.? Well, you can file a patent application in those other countries. However, the cost of filing a patent application in every country can be prohibitive even for the largest companies.

Furthermore, your product may not be limited to one invention, but may encompass several inventions. Each of these inventions may need its own patent application, which can quickly multiply the cost to your business and could make filing for patent protection prohibitively expensive.

On top of that, the law can be less predictable in some countries. This means that even if you have success in obtaining a patent in the U.S. or in several foreign countries, you may still end up spending a lot of money for little gain

in some countries. Thus, you will want to be judicious in deciding where to foreign file.

But how do you decide in which countries to file your patent application? This article first discusses why you might want to file for patent protection outside the U.S. and then presents several criteria for helping decide in which foreign countries to seek patent protection.² It concludes with concrete examples of how foreign patent protection may be pursued for two different products: a communications chip and a cell phone.

Reasons for Pursuing Foreign Patent Protection

The question of why you should foreign file isn't much different than the question of why you should file for a U.S. patent. Still, there are some differences in the criteria you should consider.

The first reason to foreign file is perhaps the most obvious—to prevent competitors from selling a competing product that encompasses the invention. If you don't want competitors to be able to make, use, sell, or import a product into a country, then you will want to file for a patent application in that country.

Marketing can serve as an additional consideration. If you want to be able to market to the public that you have a patent in a country, you will want to file a patent application in that country. As the rules differ for marketing patent protection in various countries, you will want to seek advice from an attorney registered to practice in the particular country.

Another reason you may want to file for patent protec-

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2. Also, it's important to analyze these criteria and at least decide whether foreign filing is appropriate before publicly disclosing the invention, as many countries don't allow you to obtain patent protection after the invention has been publicly disclosed.

tion in a foreign country is to protect the market where you plan to manufacture your product. Having a patent in the country you're manufacturing your product can help stop the manufacturer from making the product for another company.

In some situations, you may want to license your patent. Licensing a patent may be possible as an alternative or in addition to stopping others from practicing the patented invention. For example, you may not have the capability or the interest to sell your product in a particular country. In such a case, you may license the patent rights to another company to manufacture and sell products in exchange for a royalty.

Another reason to consider in filing for foreign protection is cross-licensing. Cross-licensing is a form of licensing where you may license your patents to another company in exchange for a license to their patents. For each company, having a license to the other company's patents may be useful if each company's product uses the other company's patented inventions.

For those reasons, you may want to obtain patents in one or more countries that are important to the other company's business, even if such countries may not be as important to your business. This enables you to trade licenses so that both companies can continue to make, use, or sell their respective products.

Finally, inventor location may be a consideration for foreign filing. Export restriction laws in some countries may require that a patent application be filed first in the country where the invention was made, or at least that a permission to file a patent application outside of the country be obtained first.³ Depending on timing, sometimes it can be easier to first file in that country before filing in the U.S. or elsewhere. As the laws in every country differ, it's advisable to check with your patent attorney before making filing decisions when inventors are located outside of the U.S.

Where to Pursue Foreign Patent Protection

We have briefly touched on the reasons you might want to foreign file your patent application. However, foreign filing can be prohibitively expensive, particularly when the foreign filing strategy is thorough. So, you will want to analyze each of the reasons to foreign file and consider whether it makes business sense to file in a particular country to more narrowly tailor the filing strategy.

Stop Competitors

As mentioned above, the primary reason to foreign file is to prevent competitors from selling a competing product that encompasses the invention. Thus, in selecting a country to foreign file, a business should consider how likely a competitor is to sell the competing product in that country.

For example, consider whether the competitor has previously sold products in that country or how challenging it would be for the competitor to build operations in that

country. Even if the competitor has sold products in the country, is the market large enough that you care? If the market is very small, it may not be worth the cost to foreign file in that country or the expense to obtain and enforce a patent in the country.

Similarly, if the country isn't a market where you're currently selling products, consider the likelihood that you will want to start selling products in that country. If it's possible that you may begin to sell in that country in the future, you may want to file for a patent in that country now, as patent protection typically lasts for 20 years from the date of filing. But if you're unlikely to ever sell in that country, you may elect to not file in the country.

Even if selling products in the country may not be of interest, it's worth considering whether the country is a transit hub for shipping products. If so, it may be possible to stop shipment of competing products through such a country by obtaining robust patent protection for your invention in that country. Common transit hubs include the Netherlands, which has Europe's largest seaport in Rotterdam, and Singapore, which is the most important shipping hub in the Asia-Pacific region.

Lastly, regardless of whether the market is one where you or your competitors might sell, is the country one where you are likely to enforce your patent? For some countries, enforcing the patent may not be economical or it may not be possible to get an injunction to stop the competitor. If the likelihood of a successful enforcement action is low, it may not be worth the effort to file for patent protection.

Marketing

In the U.S., you can advertise that a patent is pending once a patent application is filed. Further, once the patent issues, you can mark your products as patented.⁴ This can assist with sales since patent rights are valued in the U.S.

When selecting other countries to file a patent, consider whether you plan to market your product in those countries. As mentioned above, you may want to check with a local attorney to ensure compliance with local advertising and patent-marking laws.

In addition, you may want to consider the local culture. Will marking a product as patented have any cachet in the country? If your only basis to file a patent in a particular country is to help sell your products, but having a patent isn't a selling point under local customs, you may decide not to file for a patent.

Manufacturing

You may consider that the market where you manufacture your product isn't an important market for selling your product. In such cases, you might decide that a patent isn't necessary in that market. However, your manufacturer may have excess capacity after manufacturing your products. Are they going to use that excess capacity to make your product

for others?

In these cases, while you may have a contractual remedy against the manufacturer, such a remedy may not cover another company that's not party to the contract. Having a patent in the country of manufacture may provide you with another (perhaps an even better) tool to prevent the manufacturer or others in the country from producing competing products without your permission. Thus, you may want to consider filing a patent application in countries where you plan to produce your products.

Moreover, getting a patent may help prevent others from getting their patent. Just as important as stopping others from producing your product and competing with you, is to prevent others from getting a patent in your country of manufacture and stopping you from producing your product. By filing your application first, you can ensure that your filing serves as a prior art barrier to any competitors who attempt to file their own patent application for the same invention.⁵

Licensing

Another consideration is whether you may want to license your patent. Even if you don't plan to manufacture or sell a product in a particular country, you may find that another company is interested in selling the product or another product that may use the patented technology in the given country.

If it's likely that a potential licensee is interested in a particular country, you may wish to consider filing a patent application in that country. If you already have a licensee of your U.S. patent, you may consider analyzing the most likely markets of interest for that licensee or even asking the licensee where they may desire patent protection.

Cross-Licensing

Related to licensing your patent technology is the question of what patented technology you may desire to license. Put another way, you may want to consider whether existing patents can be asserted against your products. One way to avoid having patents asserted against your technology is to license the patents. However, competitors may not wish to license their patents to you or may ask for unreasonable royalties.

Having patents that cover technology used by your competitors or those who may have patents you wish to avoid being asserted against your products, may give you leverage to seek a cross-license. In a cross-license, you grant a cross-licensee permission to use technology covered by your patents, while obtaining permission to use technology covered by that cross-licensee's patents.

However, if you don't have patents that cover the potential cross-licensee's products or extend to its markets of interest, you're less likely to be able to successfully cross-license your patents. Thus, in deciding where to file your patents, you

may wish to consider the markets of interest to any potential cross-licensee.

Inventor Location

As explained above, some countries may require that an invention developed in a country be first filed in that country. In addition, some countries have export restrictions that restrict the filing of certain technologies outside of the country.

Thus, if you have inventors located outside of the U.S., you may need to consider whether a patent application should be first filed in the country of residence of the inventor. Or, in some cases, file the patent application where the inventor was located when developing the invention, regardless of where the inventor normally resides.

As a result, you may be required to file a patent application in a country of little business interest. Some countries that have strict export restriction laws include China, India, Italy, Portugal, Russia, Singapore, and Spain.⁶

Examples

Suppose your company has developed a new communications chip. The chip is made in Taiwan and its primary consumers are telecom companies located in the U.S., EU (specifically, Germany), and Japan. It would be ideal to obtain patent protection in the country of manufacture (Taiwan) and the countries of consumption (U.S., U.K., Germany, and Japan). Marketing considerations for the chip are likely less relevant since its customers are companies, rather than the public.

Now suppose your company has developed a new cell phone. The phone is assembled in China and will be sold to consumers in the U.S., EU, China, and Japan. The phone is a consumer product and, unlike a specialized component such as the chip, the potential market is much larger.

Therefore, it would be ideal to expand the foreign filing strategy by protecting:

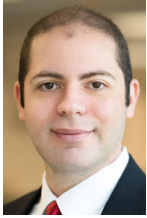
- Markets important to your competitor for purposes of cross-licensing (e.g., Taiwan and Israel)
- Transit hubs (e.g., Singapore)
- Smaller European markets outside of the three major economies (U.K., Germany, and France)
- Future markets (e.g., Canada and Australia)

Conclusion

Answers to the questions of whether and where to foreign file a patent application can be complex. While this article has explained the most common factors in determining where to file a patent application, there may be other considerations depending on your specific circumstances. Thus, when performing the cost-benefit analysis in deciding which countries to foreign file your patent applications, we suggest seeking advice of patent counsel.

Lastly, be honest with yourself in deciding where to foreign file. Consider whether realistically you might enforce

the patent in a particular country and whether the benefits of obtaining patent protection outweigh its costs.



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References

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2. Also, it's important to analyze these criteria and at least decide whether foreign filing is appropriate before publicly disclosing the invention, as many countries don't allow you to obtain patent protection after the invention has been publicly disclosed.
3. Additional information related to export restriction laws can be found at https://www.wipo.int/pct/en/texts/nat_sec.html.
4. Sometimes, the claims or the product may change before the patent issues, and it's possible that the patent may no longer cover the product. Thus, it's important to compare your product to the issued claims before marking a product as patented in the U.S. to avoid running afoul of the false marking statute.
5. Some countries have different prior art laws than the U.S. If the main purpose of filing your patent application in a particular country is to serve as prior art, you may want to speak with an attorney registered to practice in the country as to what qualifies as prior art.
6. See https://www.wipo.int/pct/en/texts/nat_sec.html.