



# Patents: A Simple Guide

The principle of the patents system is a deal between the state and an inventor. The state grants the inventor (or his/her employer) a monopoly over an invention that is limited in time and territory, in exchange for a full public disclosure of the invention. The monopoly lasts up to 20 years (more in certain cases) and creates a huge incentive to invest in R&D and accelerate technological development. At the end of the patent life, the technology enters the public domain, for the use and enjoyment of all. Thus society is today able to enjoy the fruits of R&D investments made through all but the last few years of the 20th century, but may have to pay a premium for the most up-to-date ideas.

Public disclosure of the invention does not happen immediately. There is an 18-month delay before the patent application is published, giving the inventor a head start in the race to bring the idea to market, and also giving time to withdraw and start again.

Timing the filing of a patent application is crucial. It is not safe to discuss the idea with anyone in public (i.e. other than in confidence) until the patent application has been filed (and even then, it is unwise to divulge too much in the first 18 months). Sitting on an idea runs the risk that someone else will come up with the idea or something similar and claim the exclusivity, or publish the idea so that no-one can claim it as new. On the other hand, filing the application commences a sequence of deadlines, not least of which is the 12-month period under International Convention for filing a corresponding patent application in other countries.

A patent is considered a property right and can be bought, sold, licensed in whole or in part and can even be mortgaged as security for investment. On the other hand, a patent does not provide the patentee with the right to work the invention. Almost every invention is an improvement on something that has gone before. The grant of a patent by the Patent Office (which, in the UK, has been renamed the Intellectual Property Office) does not carry with it any license to use what has gone before that may still be covered by a granted patent.

## Key Questions to ask include:

- **What is patentable?**
- **Employer/employee rights in inventions**
- **Filing a patent application**
- **What happens next?**
- **Foreign and international patent applications**
- **Third party patents – clearing the way**
- **Enforcing patent rights**

## What is patentable?

For a patent to be granted, an invention must first and foremost be:

- **new and**
- **not obvious**

*vis-à-vis* what has gone before (the “prior art”).

The standard for considering what is new (novelty) is strict. The prior art comprises anything that has been made available to the public (indeed any member of the public – i.e. not in confidence) by anyone (including the inventor) anywhere in the world before the patent application is first filed (the “priority date”). For this reason, it is wise to file the patent application as soon as the invention can be described in writing and it is very unwise to disclose any information about the invention before having done so.

Nowadays, it is easier than ever for an individual to search for prior art to check whether an idea is new. As well as searching the Web, you can easily conduct online searches of the European Patent Office or the US Patent and Trademark Office. Many people find the latter quicker and easier to search. You should make good use of these tools before proceeding further.

The standard for considering what is not obvious (i.e. what is inventive) is the subject of decades of case law in the courts and not something that should be judged hastily. Different people from different walks of life make widely different value judgements as to what they personally might consider rises to the level of being an invention. Unfortunately, many valuable patentable ideas are not protected because of the subjective value judgement of their originators. Our advice to clients is that if you or your employee has an idea that you believe to be new, that may be enough. You should pick up the phone to one of our professional staff and in the course of considering the next step, we can advise whether there may be doubt over whether it crosses the threshold of being an invention.

## Excluded Subject Matter

You may well have heard that “software is not patentable”. Such a statement is an oversimplification of decades of case law. The analysis of where the line is drawn between a mere program for a computer “as such” (not patentable) and a software-implemented solution to a technical problem (patentable) is complex and changes every year. It is also very different as between the UKIPO and the EPO. Furthermore, software inventions that do not cross the threshold of patentability in Europe may well be patentable in the US and elsewhere.

Similar considerations apply to methods of surgery or diagnosis and even methods of doing business. At Jenkins, we have made a name for ourselves for advocacy before the patent offices in fields of borderline patentability and have a track record of success in which we take a measure of pride. In other words, if you want to try to “patent the unpatentable”, ask us for an opinion on whether it may be worth the attempt.

You will find many useful articles on what is and is not patentable in the fields of software, graphical user interfaces, financial systems, medical diagnosis, surgery, plants, embryo research and much more in the pages of our newsletter **Patent issues**, but again, these are not matters to be considered without professional advice. Pick up the ‘phone and ask for a consultation.

## Employer/Employee Rights

When someone is employed in a role in which coming up with new ideas falls under his or her normal duties, inventions of that employee belong to the employer. This is the situation under UK law (Patents Act 1977, section 39) and the laws of most states of Europe. The same is true for a director of a company, whose duty it is to further the interests of his or her employer. It is unusual for an employer not to be entitled to the rights in an employee’s inventions, but disputes do arise. Disputes also arise over ex-employees, inventions of consultants who are not employees, and university researchers if their status is unclear. If a highly inventive employee is leaving or if a consultant or researcher is being

engaged who might come up with inventions, you should ask for advice before valuable rights are lost.

There are provisions in the UK, Germany and elsewhere for employees to receive additional compensation over and above their salary and benefits if it turns out that something they invented has been of exceptional value to the employer. Such employee-compensation claims are rare but becoming more common with recent changes to the law and other circumstances. There are steps employers can take to mitigate the risk of such claims.

## Filing a Patent Application

It is most unwise to file a patent application without professional help. A patent specification is a legal document and, once filed, establishes a date of priority only for what is directly described. It cannot be added to in the slightest. Neither is there great scope for redefining what it is that has been invented. It must describe the invention by way of clear examples and define the invention (in patent claims) with enough clarity and flexibility to withstand amendment of the definition in the face of whatever prior art the patent office may identify. Short of possessing a crystal ball to foresee what prior art will be cited by the office, the patent attorney's task is to prepare the document with claims that are not so broad as to encompass known prior art but not so narrow as to make it unduly easy for a competitor to design around the scope of their protection. At the same time the claims and the description should allow for progressively narrowing amendments to the scope of the monopoly claimed in anticipation of objections from the patent office that the invention is not as new or ground-breaking as originally believed.

While a patent application can be re-filed within the first 12 months, with new matter added, and priority can be claimed back to the original filing date, this is not to say that anything but exactly what was described and claimed in the original application can enjoy the benefit of that first filing date. To the contrary, there is usually very little to be gained from refiling a patent application with additional examples or description. This is why it is important to get it right first time. It

used to be common practice to file a so-called "provisional" patent application and later to flesh out the description and claims. Changes in the law and re-interpretation of the law by the courts now make this strategy very risky.

## What happens next?

Once a patent application has been filed, you may truthfully say a patent application is "pending", although such marking is of no legal significance in the UK. The patent will not be granted until it has been examined by the patent office in which it has been filed (e.g. the UKIPO or the EPO).

It is first examined for formalities (e.g. clarity of drawings) and a search report is drawn up. The search report lists documents (most often earlier patent documents) that the examiner considers relevant to determining whether the invention claimed is new and inventive. Some offices, like the EPO, perform a more thorough search, but have higher fees. You get what you pay for with patent office searches. The UKIPO search is excellent value-for-money. Depending on the chosen procedure, the search report may give a detailed explanation of the examiner's reasoning as to why the invention is not considered new or inventive.

The applicant now reaches an important decision point. Has the search report revealed that the invention is not new after all, and the applicant should not spend any more money on the application (and perhaps withdraw it before it is published)? Or has nothing been identified in the search report that even hints at the invention, which is a green light to proceeding and investing in further patent applications and/or an International patent application under the Patent Co-operation Treaty (PCT)?

Most often, the answer lies somewhere in between. The Examiner typically finds something he or she considers relevant to the novelty of the invention, but there are differences which the Examiner has perhaps overlooked or not understood, or the Examiner is correct, but by focussing the claims on some particular feature or aspect, his or her objections can be overcome. We will advise at that point as to the likelihood of success if some amendment or other is

made, and it is for the applicant to balance the scope of claims that may be expected with the cost of proceeding and the chances of success, and decide whether to proceed and whether to “double down” and file a PCT application or other applications. A few patent applications are abandoned at this stage, many proceed to international filing. Many applicants are content to just continue with the original application.

Setting aside options for PCT or EPO filing and focussing on the original patent application (e.g. the original UK patent application), this will be published 18 months after it was first filed. There is then a period of negotiation with the patent office in which we will address objections raised (novelty, obviousness, clarity etc.). All being well, we reach agreement with the Examiner over a scope of claim that he or she accepts as defining an invention that is new and non-obvious, and he or she approves the application for grant of the patent. This phase can be quite drawn-out. There may be long delays between each letter from the patent office. There are steps that can be taken to accelerate the process, especially if someone else has started to make or use the invention or is about to do so and the applicant needs the patent to nip infringement in the bud, but there may be many reasons to press the office to proceed quickly. Equally, many applicants are content to proceed slowly. Each response needs to be carefully thought through, as it is open to public inspection and is likely to affect the scope of protection. The process is not cheap and many applicants are content to postpone costs.

When the application is approved for grant, there is a fee to be paid and the patent is granted. Only then can it be enforced (although it is possible to claim damages for infringement right back to the date of publication of the application).

While a patent application is pending, it can be divided into two or more applications to protect more than one invention or different aspects of the invention. This is done by filing divisional applications. Whether this is of interest depends on your appetite for more patents. Once a patent is granted, it cannot then be divided.

## Foreign and International Patent Applications

The filing of a national patent application at your national patent office (e.g. the UKIPO, the DPMA in Germany or the USPTO) is the most direct and least expensive way to obtain a domestic patent. A UK or German patent can also be obtained by the filing of a European (EPC) patent application or by the filing of an International (PCT) patent application, but there are a number of reasons why proceeding first in the national office is prudent. (For defence-related matters and in certain countries it is imperative that the process begins with a national patent application).

Within the first year of the first application, a critical decision has to be made as to whether to apply for foreign and international patents. The Patent Co-operation Treaty is a very popular way to keep protection available without escalating the costs. It gives a further 18-month “option” to proceed in most of the major markets of the world. During that period, it is subject to a search that is often more rigorous than the initial national search and there is an opportunity to engage in a round of correspondence with an International Examiner to try to overcome objections raised. They may not all be overcome or the applicant may choose to ignore objections, but if this “International Phase” can be concluded with a positive examination report, this is likely to lead to a smoother ride later on, when the application is processed in the applicant’s selected national offices. You will find articles discussing the pros and cons of this procedure in our **Patent issues** newsletter.

Ultimately, patent protection in different states requires a patent to be granted by each state, which is expensive. The European Patent Office has the authority to grant a patent for all the states of the EU and a number of others and when the European Unitary Patent becomes available, it will be able to grant a single patent covering the whole of the EU. The applicant can proceed into the EPO and national offices by different procedures, but only if the right steps are taken at each point in time. If rights are not preserved, they lapse. Once rights have been allowed to lapse, they cannot (with few exceptions) be revived. It is not possible, for example, to file a patent application in Japan years after filing the initial patent application if the rights have not been preserved in Japan.

## Third party patents – clearing the way

When entering a new market, it can be important to make sure that your activities do not infringe anyone else's patent rights. Performing a so-called "freedom-of-action" search is one way to go about this. This entails searching through various patent databases to which we have access, to see whether any relevant patents are still in force in the territory in which one wishes to operate. Searching of this nature is a particularly specialized skill and needs to be systematic. It should not be done in an ad-hoc manner. Generally a patent search can only guarantee freedom of action if it reveals a patent that is spot-on and has expired. Most searches by their nature fall short of such certainty, but we can tailor searches to fit your budget and give the level of comfort you need to decide how safe it is to proceed.

Searching may reveal patents or patent applications that claim the very invention you seek to bring to market, or something very similar. Indeed, you may already be aware of a relevant third party patent or patent application. In these circumstances, there are different levels to which we can investigate the patent or patent applications in question. We can initiate a watching service (a "caveat") and we can advise on filing third party observations, filing opposition (if it is a European patent for example), or applying to the Comptroller of patents for a declaration of non-infringement. The various weapons in your armoury depend very much on the commercial circumstances, timescale and prudence of engaging with the other party or keeping a low profile.

We have wide experience in filing opposition at the EPO. This is a relatively inexpensive way of "clearing the way" and can even be done in the name of a straw man (such as ourselves).

If you cannot clear the way or you prefer to engage in negotiation over a licence under a patent, we can assist in enhancing your negotiating position or negotiating terms.

## Enforcing patent rights

The vast majority of patents never end up having to be actively enforced. Most that are of value are respected and are either avoided or licensed. Many are simply tucked away in a patent portfolio and serve to underpin transactions or Patent Box tax breaks or serve for future value realisation.

For the one-in-a-thousand that does require active enforcement, expensive High Court proceedings are not the only option. There are other cost-effective solutions available to the patent proprietor and more are becoming available.

For example, the new Intellectual Property Enterprise Court (IPEC – formerly the Patents County Court) has established a good track record for cost-effective patent enforcement, allowing even the smallest of parties to defend their IP rights. We can represent clients directly before this court. More information about the IPEC can be found by following this link: Current website link:

<http://www.jenkins.eu/pi-autumn-2013/ip-enterprise-court.asp>

**No-one should be deterred from filing a patent application on the basis "what's the point if I can't afford to enforce it." That time has passed.**

We can also represent clients before the courts of Germany, which are popular for patent enforcement.

A request for an opinion from the UK Comptroller of patents as to whether a particular act constitutes an infringement may also represent a good option for those confident that their patent(s) are being infringed and who do not wish to enter court proceedings.

In the future, the introduction of the Unified Patent Court (UPC) is expected to provide patent proprietors with new forums in which to enforce their rights. It is anticipated that proprietors will in many cases have a wide degree of choice as to where to commence proceedings. It is quite likely that patent applications filed today will in due course be litigated before this new court. Further information about the UPC is available here:

<http://www.jenkins.eu/unitary-patent/>

Insurance against legal costs is also available in the event a patent proprietor finds his or her patent is being infringed. It is also available for third party patent liability. It is invariably necessary to begin the policy before becoming aware of any specific cause of action. Please enquire if this is of interest and we will put you in touch with possible insurers.



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