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PERSPECTIVE

## US practitioners in an international patent portfolio world

By Patrick Jewik

According to a 2015 International Trade Statistics report by the World Trade Organization, world merchandise exports increased from \$5.2 trillion in 1995 to \$19 trillion in 2014. The increase in worldwide trade has led to a corresponding increase in worldwide patent filings.

Larger and more complex foreign patent portfolios are the norm. Despite the increasing number of worldwide patent filings, foreign patent prosecution decisions are often made based upon a decision-maker's intimate knowledge of U.S. prosecution practice. While some aspects of U.S. and foreign prosecution practices are similar, the lack of knowledge of some key differences between U.S. patent practice and foreign patent practices can be costly.

To illustrate this, the differences between two key aspects of patent practice in the U.S., Europe and China — continuation applications and prosecution speed — are discussed below. Europe and China are the second and third largest economies in the world and should be considered in most, if not all, foreign filing decision processes.

### Continuation Application Practice

U.S. clients regularly file continuation applications to obtain broader or different patent claims after an initial patent has been obtained. Although continuation applications can contain claims that are different than those in the earlier filed applications, they can advantageously retain the filing dates of the earlier filed applications. In Europe and China, continuation applications are referred to as "divisional applications."

There are numerous benefits to filing continuing applications. For example, a continuation application describing an invention can be filed years after an initial patent application describing the same invention is filed. Claims can be drafted in the later-filed continuation application that are relevant to current circumstances

even though the priority date for that application is much earlier.

One key difference between U.S. continuation applications and European divisional applications is how filing fees are calculated. In the U.S., the official fees for filing a continuation application (currently \$1,600) do not vary with time. In contrast, in Europe, the fees for a divisional application depend upon when it is filed.

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A European divisional application is more expensive if it is filed later in its patent term (which is 20 years from the filing date of the first application). Unlike the U.S., in Europe annuities must be paid every year that a patent application is pending. When a divisional application is filed, past annuities accumulate and are due upon filing. For example, annuities due in the third year from the original filing date are about \$520 and they increase every year until the 10th year. Between the 10th and 20th year, the annual fees are currently about \$1,735 per year. Thus, a divisional application filed more than 15 years after the earliest priority date could include cumulative annuity fees that exceed \$15,000. This is in addition to any filing fees. If a U.S. decision-maker authorizes a divisional application in Europe based upon her knowledge of U.S. patent practice, then she may have inadvertently authorized an expensive application filing.

In China, the filing fees are similar to those in the U.S. However, in China, only one "voluntary" divisional application may be filed. Additional divisional applications filed after the first divisional application must be based upon a restriction requirement issued by the Chinese patent office. A restriction requirement is an indi-

cation that multiple inventions are present in the application, and then only one elected invention will be examined in the current application. Other nonelected inventions must be pursued in other applications. In contrast, in the U.S., a restriction requirement is not a prerequisite to filing a continuation application, and it can be filed any time a prior parent application is pending.

A problem may arise if the U.S. decision-maker assumes that Chinese divisional practice is similar to U.S. continuation practice. If a first voluntary divisional application is filed in China based on a parent application without fully considering all inventions that should be claimed in that first voluntary divisional application, those unclaimed inventions cannot be pursued in another divisional application. In China, it is best to include all claims that one may ever wish to submit in the original or first voluntary divisional application, since subsequent divisional filings may not be allowed.

### Prosecution Speed

Prosecution speed is an important consideration when managing a patent portfolio. In general, it is desirable to obtain patent protection as soon as possible. However, a slower examination might be desirable if expenses need to be delayed or if the status of commercialization of the invention or the timeline to commercialization is unclear.

Currently, the pendency to a first office action in the U.S. Patent and Trademark Office is approximately 16 months, and the total pendency is about 34 months. Various mechanisms can be used to speed up the examination process. One process is the USPTO's prioritized examination process, which arrives at a final resolution within one year.

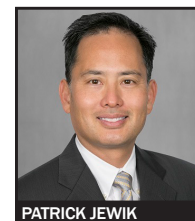
In the European Patent Office, the average pendency is approximately six months to the first examination report, and the average pendency to a final resolution is typically 42 months. A "Procedure for Accelerated Prosecution of European Patent Applications"

(PACE) form can be filed without additional fees to speed up the examination process in Europe. However, the PACE program does not provide a guaranteed processing time, but prioritizes an application ahead of other applications which do not have PACE requests. In China, accelerated examination requests can be filed, but such requests are only granted for applications directed to specific technologies (e.g., green technologies).

In both China and Europe, if immediate protection is needed, then "utility models" can be filed in addition to any normal patent applications. Utility models are essentially patent registrations where rights can be granted without formal examination processes. Utility models can be granted in about two to three months. Since there is no formal examination process, utility models are significantly less expensive to obtain than patents, but have shorter periods of enforcement. A utility model is typically valid for 10 years from filing, whereas a patent is valid 20 years from filing.

Thus, the pendency and the ability to control the prosecution speed varies by jurisdiction, and one can't assume that the ability to control the speed of prosecution in the U.S. will be similar in other countries. It is best not to assume U.S. patent practices will apply to foreign patent practices in foreign jurisdictions. Failure to understand the differences between the countries can result in costly mistakes.

**Patrick Jewik**, a partner with *Kilpatrick Townsend & Stockton*, focuses on building patent portfolios and helping clients reduce patent infringement risks. He has performed freedom to operate studies, assisted with strategic patent acquisitions and participated in multi-patent licensing negotiations.



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