Global IP Protection for Startups – A Mixture of Filing Approaches

by Michael Frodsham

Accessing the patent system in the US, much less international markets, intimidates even the most seasoned companies, and especially startups with a limited IP budget. One reason is that patent prosecution costs – the costs incurred to get a filed case ready for issuance – are unpredictable and can range anywhere from one to two times the cost of the initial filing. Thus, a client spending $6,000-$8,000 (approximate national average) on a mechanical device patent application might expect to pay the same if not double that in prosecution fees over a three to four year period until registration. This metric tends to hold for each additional country the client selects for protection. As such, the cumulative costs of international protection can be particularly daunting, especially where a product has not yet had its true value tested. (In reality, a product's true value is often not well understood until at least a year or two after filing).

One way to significantly reduce the costs and gain useful protection in international markets is through a mixture of traditional and non-traditional patent filing mechanisms, such as with provisional applications, design applications, and utility model applications. A provisional application is essentially an informal version of a regular utility patent application that can usually be prepared more quickly and at lower cost (half or less), and acts as a holding case that enables the client one year to make a decision about whether to file a regular utility patent application and still keep the same filing date. Importantly, provisional applications do not register as enforceable patents. Thus, within one year a client must file a regular application that claims priority to the provisional application, or lose the filing provisional date. A design application typically registers as a patent at half (or less) of the cost of filing a non-provisional utility application, but only protects the look and feel of an article, not its function. *See* https://www.uspto.gov/web/offices/pac/mpep/s201.html#ch200_d1ff6d_23490_24a, https://www.uspto.gov/web/offices/pac/mpep/s1504.html#d0e152237

A utility model application (only available outside the US) also registers as a patent, and covers articles and functions, like a US utility patent application, but typically cannot be used to cover method claims (which can eliminate software claims) or product-by-process claims

and also is registered for a shorter amount of time. Unlike a regular non-provisional utility application, a utility model application usually registers with little or no prosecution costs. Instead, the client will likely spend the costs of prosecution as part of litigation in the court system against an infringer. *See* http://www.wipo.int/sme/en/ip_business/utility_models/where.htm, https://en.wikipedia.org/wiki/Utility_model

While patent practitioners prefer a traditional patent application for achieving the best possible protection for the most amount of time, simply having a patent at all is often the sole consideration for some clients looking to build an IP portfolio on a budget in a short time frame. Where the circumstances merit it, a client could file a US provisional application, up to two utility model applications outside the US, and potentially even a US design application for approximately the same cost as filing a regular non-provisional utility application. Although there is a strong argument this sort of up-front cost savings could result in larger long-term costs assuming eventual litigation, this scenario would likely yield two to three issued patents much sooner than expected from a traditional patent application.

Of course, there are many alternative scenarios along these lines that are roughly cost equivalent to filing a single international PCT patent application and/or US non-provisional application. Such scenarios are heavily dependent on the client's invention, target sales and target manufacturing markets, and generally involve variations on use of a provisional application, a formal patentability search, one or more design patent applications, and/or one or more utility model applications in strategic markets.

In general, these types of alternative scenarios employing design and utility model protection are particularly suited to physical devices. In some limited cases, such scenarios can be used to capture computer software so long as the computer software can be couched in jurisdiction-appropriate terms, such as a tangible computing system configured for particular functions, or where a user interface of the software makes sense for a design patent.

As such, clients looking for rapid, global IP expansion on a budget have a number of useful

options at their disposal, especially when considering an array of traditional and non-traditional filing mechanisms. Even seasoned clients looking for access in international markets with unproven technology may do well to consider supplementing traditional approaches with lower cost alternatives.