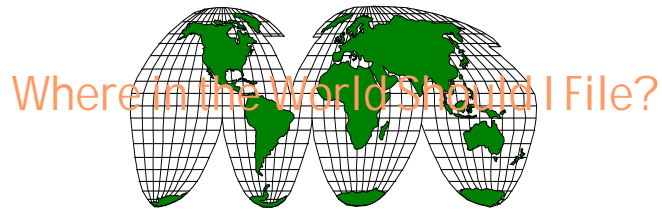


Where in the World Should I File?

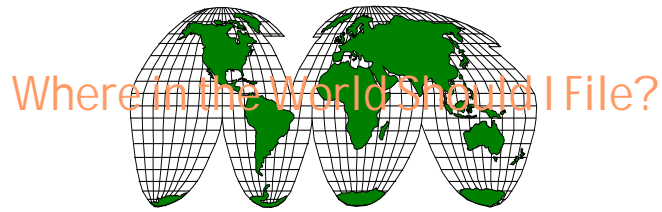


Global Patenting is Costly

Obtaining & Maintaining Patents
on a *Single* Invention in the 50+
Major Countries of the World
Costs More Than ...

US \$ 500,000

over the 20-year life of the patent.



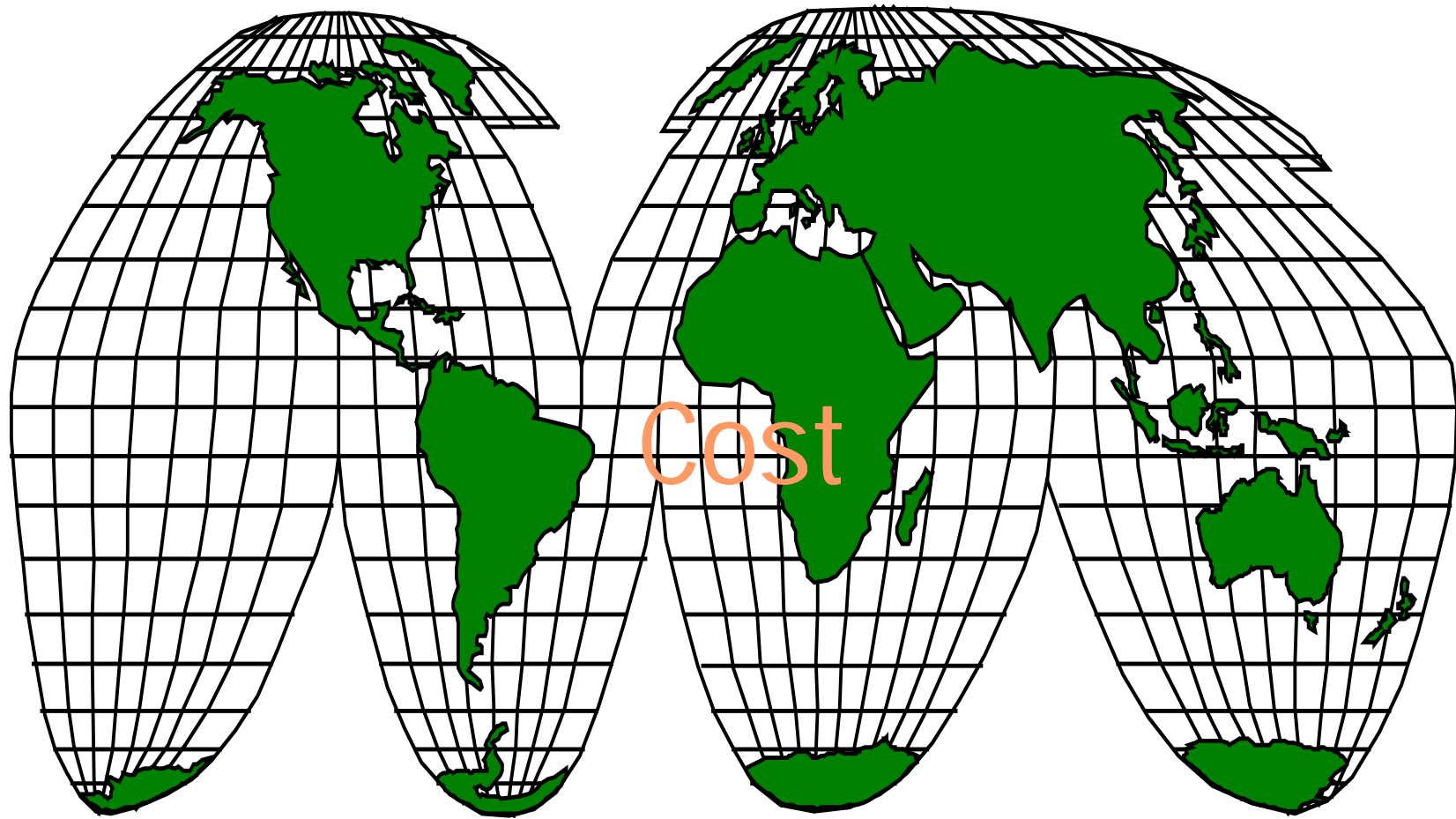
With this potential level of investment in every invention, each individual filing must be carefully considered relative to several factors:

Cost

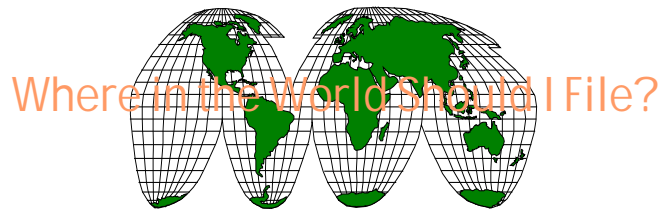
Ability to Obtain and Enforce

Need for Exclusivity

Return on Investment



Cost



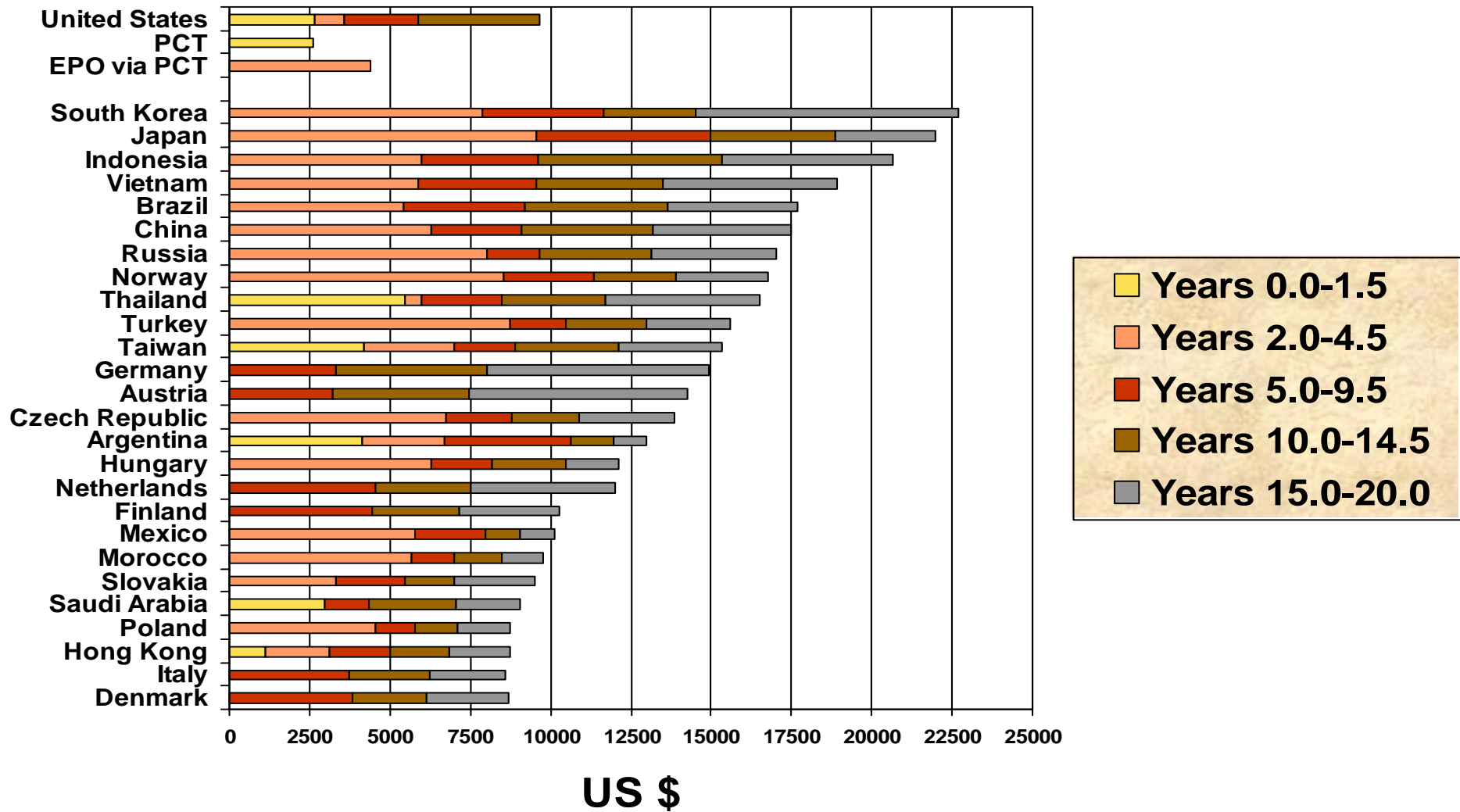
Cost

The cost to file, prosecute, grant and maintain a patent varies widely by country.

Comparing the costs across different countries during various periods of time in a patent's life show the breadth of this variation.

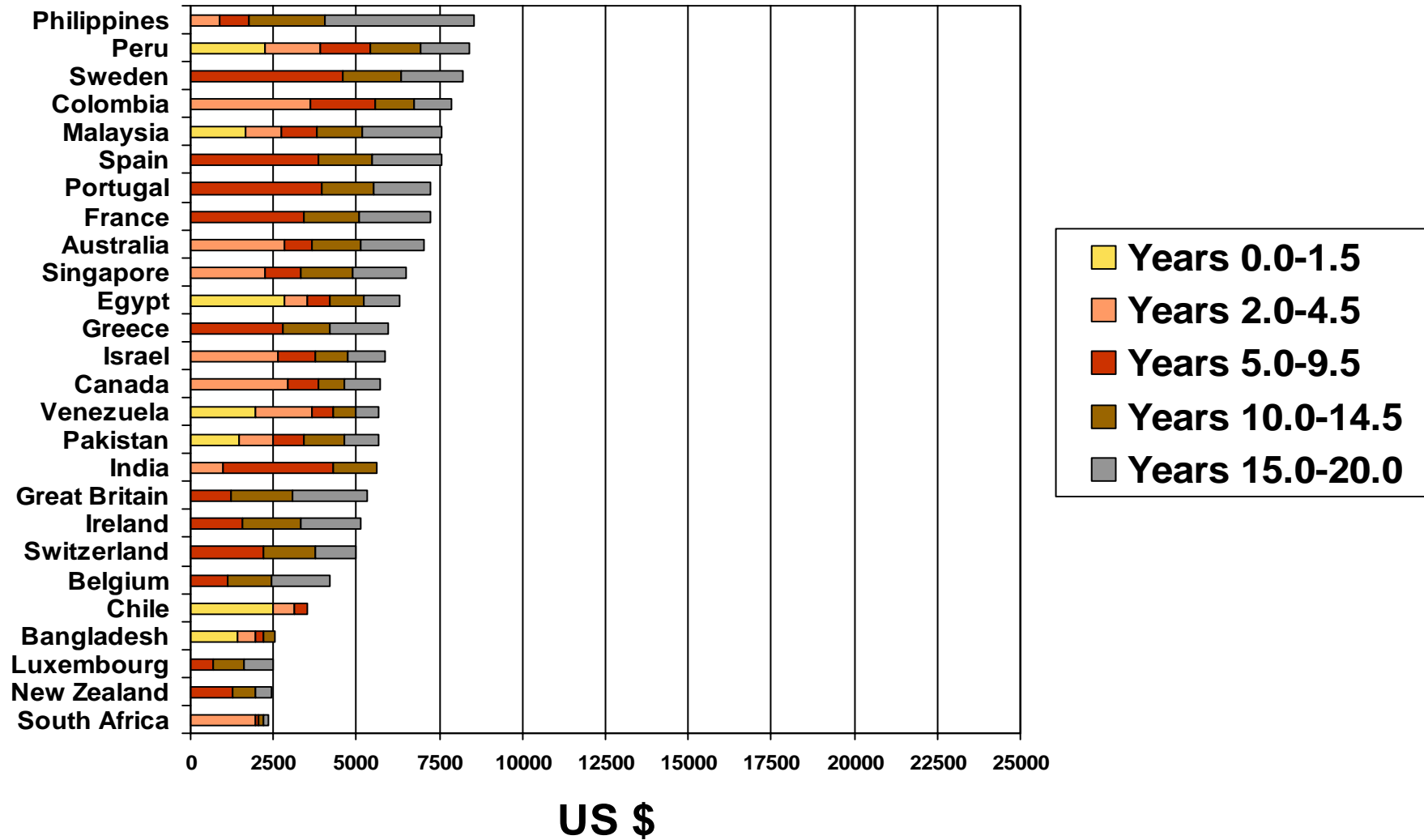


Relative Cost to Obtain and Maintain A Patent





Relative Cost to Obtain and Maintain A Patent

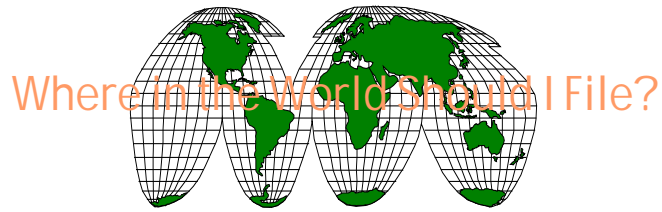


Where in the World Should I File?



Caveats Regarding Cost Data Charts

- ◆ ***Cost data is a compilation of actual charges billed to the Company over a period of two to three years.***
- ◆ ***The cost of Company attorneys and agents is NOT included in the cost figures. (EP, US and PCT costs are separated from the other data as we act as our own agents for those proceedings).***
- ◆ ***Data is current as of 2002/2003. Remember, official fees and professional costs change over time.***
- ◆ ***Data is based on applications filed in English. Translation costs included in the data are for required translations into non-English languages.***
- ◆ ***Costs are in US\$ using conversions applicable at the time the charges were received.***
- ◆ ***Data should be used for “order of magnitude,” cross-country cost comparisons ONLY. Figures are historic and are not sufficiently accurate to project actual cost of a new filing.***

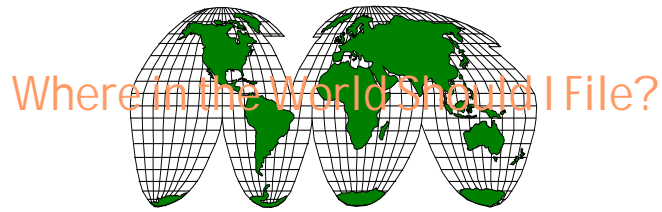


For any application, the cost to file, obtain and maintain a patent in any given country at any given time is fixed and generally known. This cost defines the extent of the monetary investment being made to obtain exclusivity.

The remaining factors introduce intangibles -- business and legal judgment, business goals, evolving laws and rules, politics, etc. into the equation.



Ability to Obtain & Enforce



Ability to Obtain and Enforce

Including:

- ◆ **Considerations relating to obtaining an enforceable patent including timing, quality of examination, etc.**
- ◆ **The Current and Expected Future State of the Patent Law**
- ◆ **Considerations relating to enforcing the patent right, including costs, timing, immediate remedies, long-term remedies, availability/size of damage awards, etc.**

Considerations relating to obtaining an enforceable patent



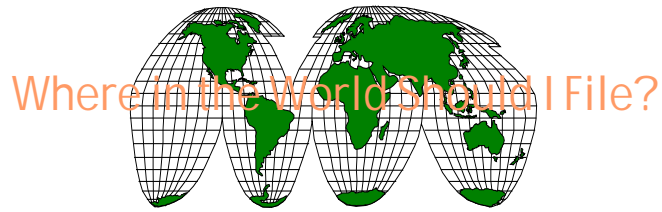
The Current and Expected Future State of the Patent Law

Considerations relating to enforcing the patent right

Key Considerations Relating to **Obtaining a Patent**

- ◆ **Cost and ease of filing and prosecution**
- ◆ **Competence and reasonableness of examiners**
- ◆ **Duration of examination**
- ◆ **Quality of examination**
- ◆ **Type, duration, cost and reasonableness of appeals**
- ◆ **Type, duration and cost of oppositions**
- ◆ **Announced/Expected/Contemplated changes in patent office operations**

Considerations relating to obtaining
an enforceable patent



The Current and
Expected Future State of
the Patent Law

Considerations relating
to enforcing the patent
right

Key Considerations Relating to Obtaining a Patent

In short:

**What are the chances of obtaining
a valid and enforceable patent in
a reasonable length of time and at
a reasonable cost?**

Considerations relating to obtaining an enforceable patent



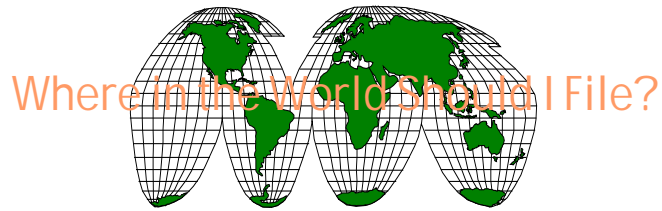
The Current and Expected Future State of the Patent Law

Considerations relating to enforcing the patent right

Key Considerations Relating to Obtaining a Patent

Of the key areas to consider when determining where to file, this is the least important because:

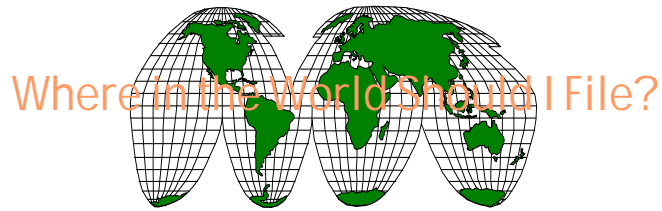
An applicant has some degree of control over the outcome of the filing and prosecution process. An applicant can prevent a case from issuing with a claim scope that is beyond which the applicant is entitled through amendment in light of all prior art known to the applicant. This is true regardless of the competency of the examination or any of the other factors imposed on the application by the particular patent system.



Key Considerations Relating to the State of the Patent (and Other) Law(s)

- ◆ **Patentable and unpatentable subject matter**
Pharmaceuticals, Secondary Uses, Business Methods, Software,
Methods of Medical Treatment, Chemical Compounds, etc.
- ◆ **Novelty standards (for both publication and use)**
- ◆ **“Grace” periods following public exposure**
- ◆ **GATT/TRIPS compliance; Paris Conv./WTO membership**
- ◆ **PCT and/or regional office membership**
- ◆ **Provisional protection following publication/laying open**

The Current and Expected
Future State of the Patent
Law



Considerations relating to
obtaining an enforceable patent

Considerations relating to
enforcing the patent right

Key Considerations Relating to the State of the Patent (and Other) Law(s)

- ◆ Working requirements/Consequences of non-working
- ◆ Parallel imports
- ◆ Prior user rights
- ◆ Border Protection
- ◆ Technology transfer requirements/restrictions
- ◆ Other legal and regulatory requirements/laws
- ◆ Announced/Expected/Contemplated changes in the Law

Considerations relating to enforcing the patent right



Considerations relating to obtaining an enforceable patent

The Current and Expected Future State of the Patent Law

Key Considerations Relating to Enforcing the Patent Right

◆ Available remedies for infringement under local law

Preliminary/permanent injunctions, Seizure actions, Border actions, Availability of and amounts of/limits on damage awards, Criminal/civil penalties, etc.

◆ System(s) for dispute resolution

Civil courts, Patent courts, Patent Office proceedings, Separate validity and infringement proceedings, Mediation, Arbitration, etc.

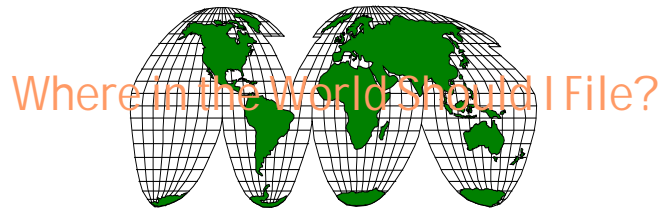
◆ How long for resolution? How expensive?

◆ Availability of and rules of discovery

◆ Technical competence of courts

◆ Historical level and direction of any court bias

Considerations relating to
enforcing the patent right



Considerations relating to
obtaining an enforceable patent

The Current and Expected Future
State of the Patent Law

Key Considerations Relating to Enforcing the Patent Right

- ◆ **Political/judicial climate:**
 - neutral or pro- or anti- patent
 - neutral or pro- or anti- foreign patentee
- ◆ **Announced/Expected/Contemplated changes in enforcement procedures/systems/timing/costs**
- ◆ **Changes in political/judicial attitudes towards patents**



An Evaluation

Over the past several years we gathered input in an attempt to fully understand and evaluate a number of patent and legal systems. In our efforts, we gathered information, opinions and impressions from a wide variety of sources:

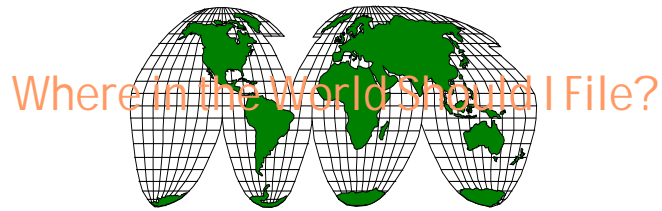
- ◆ Our own experience with filing, prosecution and enforcement**
- ◆ The experience and conclusions of several global law firms**
- ◆ The input and experience of our local agents in the specific countries**
- ◆ Reports from the Office of the U.S. Trade Representative**
- ◆ Any other experienced and trusted input on the subject**



An Evaluation

This data was compared to our own vision of a workable, competent, fair and realistic patent and enforcement system.

Our comparison between the experiential data from these multiple sources and our vision of a good, workable system resulted in a chart detailing our conclusions regarding the relative positions of various patent and enforcement systems to one another.



An Evaluation

The charts are not to be viewed as promoting or denigrating any countries patent or enforcement system. It simply provides a single opinion of how the various systems compare to one another using the standard of a “mythical” good, workable and realistic patent and enforcement system as envisioned by one group of people.

Different evaluators using a different set of criterion for their “standard patent and enforcement system” could easily come to very different conclusions regarding the relative position of the various systems.

Where in the World Should I File?

An Assessment of Various Patent Systems Against One User's Expectations

Country	P C T	E P O	W T O	Closer to Desired System -----? ? -----Farther from Desired System
AR			W	◆
AT	P	E	W	◆
AU	P		W	◆
BD			W	◆
BE	P	E	W	◆
BR	P		W	◆
CH/LI	P	E	W	◆
CA	P		W	◆
CL			W	◆
CN	P		W	◆
CO	P		W	◆
CZ	P	E	W	◆
DE	P	E	W	◆
DK	P	E	W	◆
EG	P		W	◆
EP	P	-	-	◆
ES	P	E	W	◆

Where in the World Should I File?

An Assessment of Various Patent Systems Against One User's Expectations

Country	P C T	E P O	W T O	Closer to Desired System -----? ? -----Farther from Desired System
FI	P	E	W	◆
FR	P	E	W	◆
GB	P	E	W	◆
GR	P	E	W	◆
HK			W	◆
HU	P	E	W	◆
IE	P	E	W	◆
ID			W	◆
IN	P		W	◆
IL	P		W	◆
IT	P	E	W	◆
JP	P		W	◆
KR	P		W	◆
LU	P	E	W	◆
MX	P		W	◆
MY			W	◆
NL	P	E	W	◆
NO	P		W	◆

Where in the World Should I File?

An Assessment of Various Patent Systems Against One User's Expectations

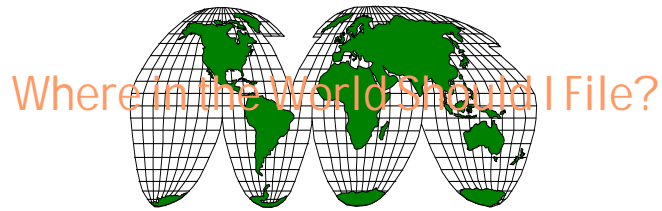
Country	P C T	E P O	W T O	Closer to Desired System -----? ? -----Farther from Desired System
NZ	P		W	◆
PE			W	◆
PK			W	◆
PH	P		W	◆
PO	P	E	W	◆
PT	P	E	W	◆
RU	P			◆
SA				◆
SE	P	E	W	◆
SG	P		W	◆
SK	P	E	W	◆
TW			W	◆
TH			W	◆
TR	P	E	W	◆
US	P		W	◆
VE			W	◆
VN	P			◆
ZA	P		W	◆

Where in the World Should I File?



Caveats Regarding System Comparison Charts

- ◆ ***Data used for comparisons are based on experience and opinions regarding the various systems from several sources.***
- ◆ ***The data from the various sources plus any input from the USTR website for each listed country was compared to a set of criterion defining the features of a good, workable and realistic patent system as designed/envisioned by the evaluators. In other words, what attributes would a really good patent and enforcement system exhibit to completely meet the needs of one U.S. based multinational corporation.***
- ◆ ***Evaluators having different desires and/or expectations from their vision of a good, workable and realistic patent system could arrive at a considerably different relative comparison between the various systems.***
- ◆ ***This relative rating is not to be viewed as endorsing or detracting from any given country's patent and enforcement system.***
- ◆ ***This relative comparison was made in 2002/2003.***



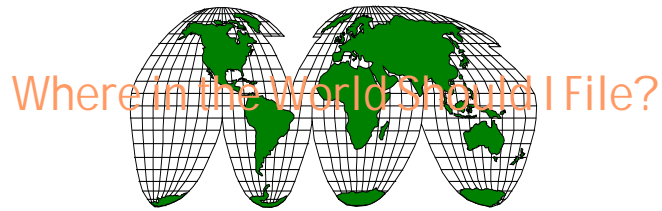
Final Thoughts Regarding Patent and Enforcement Systems

The life of a granted patent is 20 years from the date of filing.

The evaluation of the patent and enforcement systems that will impact your filing decision is made before this 20-year period begins.

Patent (and other) laws, patent offices and court systems can and do change with time. A poor enforcement system today may improve and be a good system some years in the future.

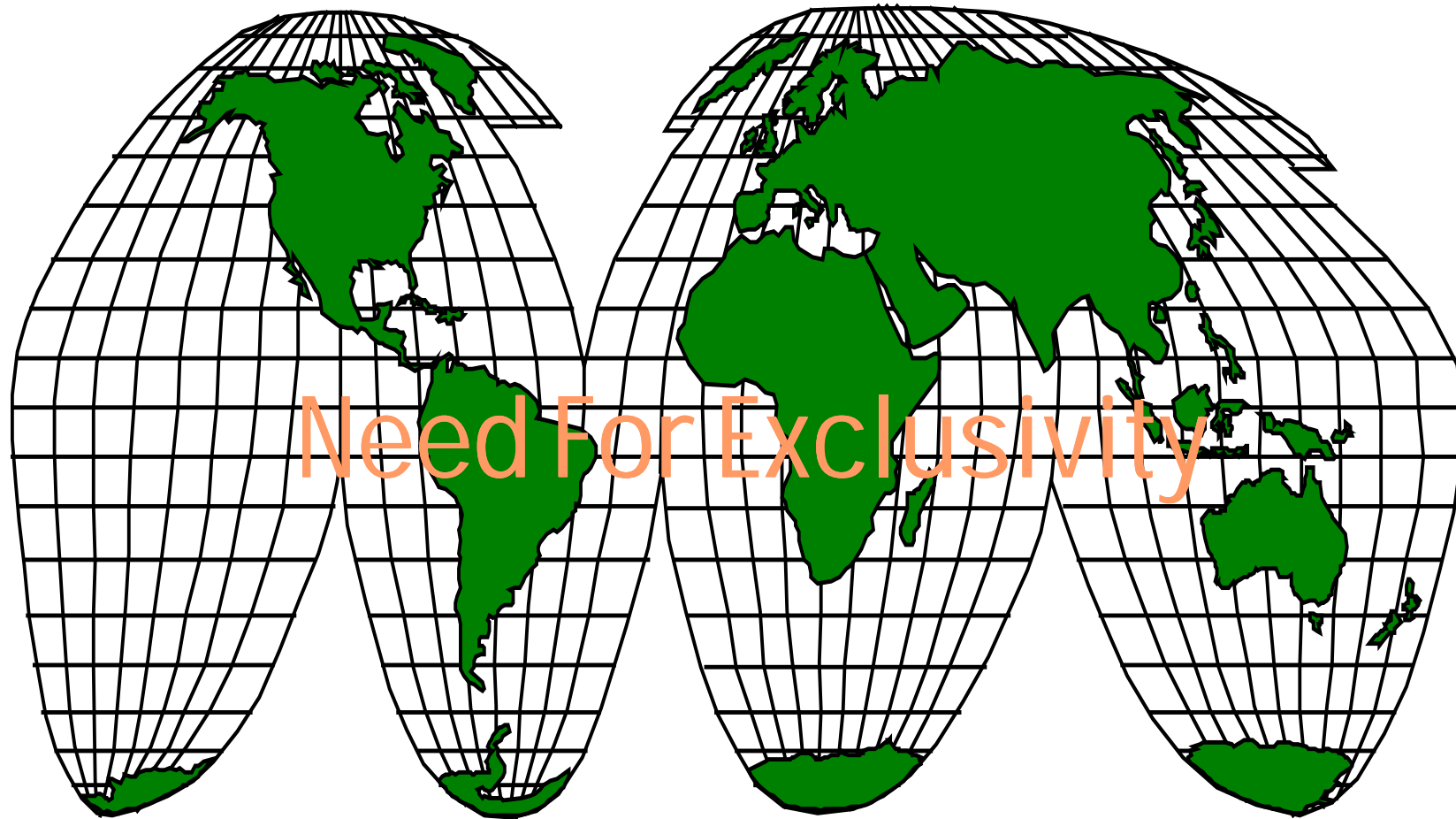
Your patent application will probably take from 3 to 5 years to grant. Enforcement will be sometime after that.



Final Thoughts Regarding Patent and Enforcement Systems

The “art” in factoring patent and enforcement system evaluation data into the consideration of where to file lies in the ability to “see the future” and judge where the system will be at the time you will be prosecuting and later enforcing your patent.

It is not easy, but for proper filing decisions, for proper patent portfolio management, and to help insure the maximum return on your IP protection expenditures, each applicant, each practitioner must keep up-to-date on the patent and enforcement systems of interest and continually update the relative position of each country in relation to their particular vision of the “ideal” system.





The Business/Commercial Need for Exclusivity

The single most important consideration in deciding where to file is the business need for exclusivity in the country under consideration.

A strong business need should outweigh every criterion we have previously discussed. If exclusivity is required for a successful business venture, then filing in a high cost country with a low rated patent and enforcement system may be justified.

Remember:

ANY PLACE YOU DON'T FILE YOU HAVE NO CLAIM TO EXCLUSIVITY.



The Business/Commercial Need for Exclusivity

There are no formulas or schemes to make the filing decisions. Each filing decision will depend on a number of factors that vary dramatically across the business community; every business, every product category, has individual and diverse goals and needs.

To aid in making the business decision regarding where to file, I suggest each applicant consider a series of questions.

Remember:

ANY PLACE YOU DO FILE SHOULD PROVIDE AN ADEQUATE RETURN ON YOUR FILING INVESTMENT.



The Business/Commercial Need for Exclusivity

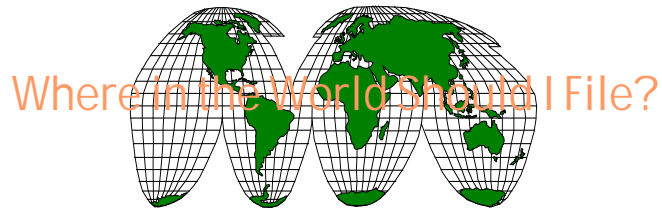
It is not possible to answer this question generically. The business needs of each individual applicant vary too greatly to give a stock formula or universal plan.

Each applicant must look at their individual business plans, past experience in similar considerations, future expectations – theirs and those of any expected licensees, to decide where to enter the national phase.

After considering their plans and past experiences, I suggest answering some basic questions to aid in making the final national phase entry decisions:

Remember:

ANY PLACE YOU DO FILE SHOULD PROVIDE AN ADEQUATE RETURN ON YOUR FILING INVESTMENT.

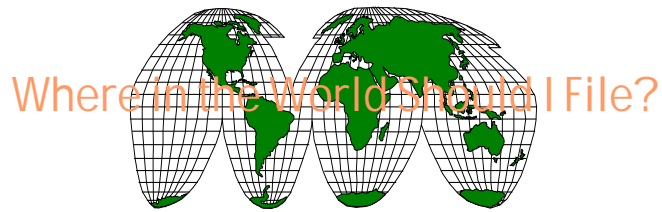


The Business/Commercial Need for Exclusivity

Where is the market for the invention – local, regional, global? Who is the customer for the invention? Who is the competition?

Where will the claimed product be manufactured or the claimed process used? Where does the competition manufacture its products?

How easy (or difficult) would it be for competition to design around the claimed invention? How long and what resources would it take?

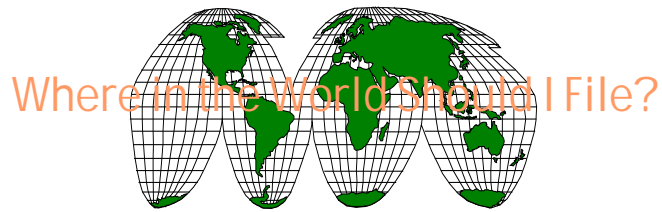


The Business/Commercial Need for Exclusivity

How easy (or difficult) would it be for a third party to copy the invention? Is there an incentive to copy your invention in “unprotected” countries?

How costly would it be for a third party to copy and market the invention?

What is the smallest market size that would economically justify a third party copying the invention?

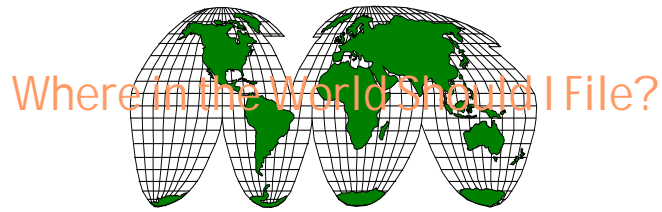


The Business/Commercial Need for Exclusivity

Is the invention on-point with your marketing strategy or is it defensive?

What are the consequences to your business if the invention is copied in some/all countries?

By geographic area, what is more important, exclusivity, freedom-to-practice or both?



The Business/Commercial Need for Exclusivity

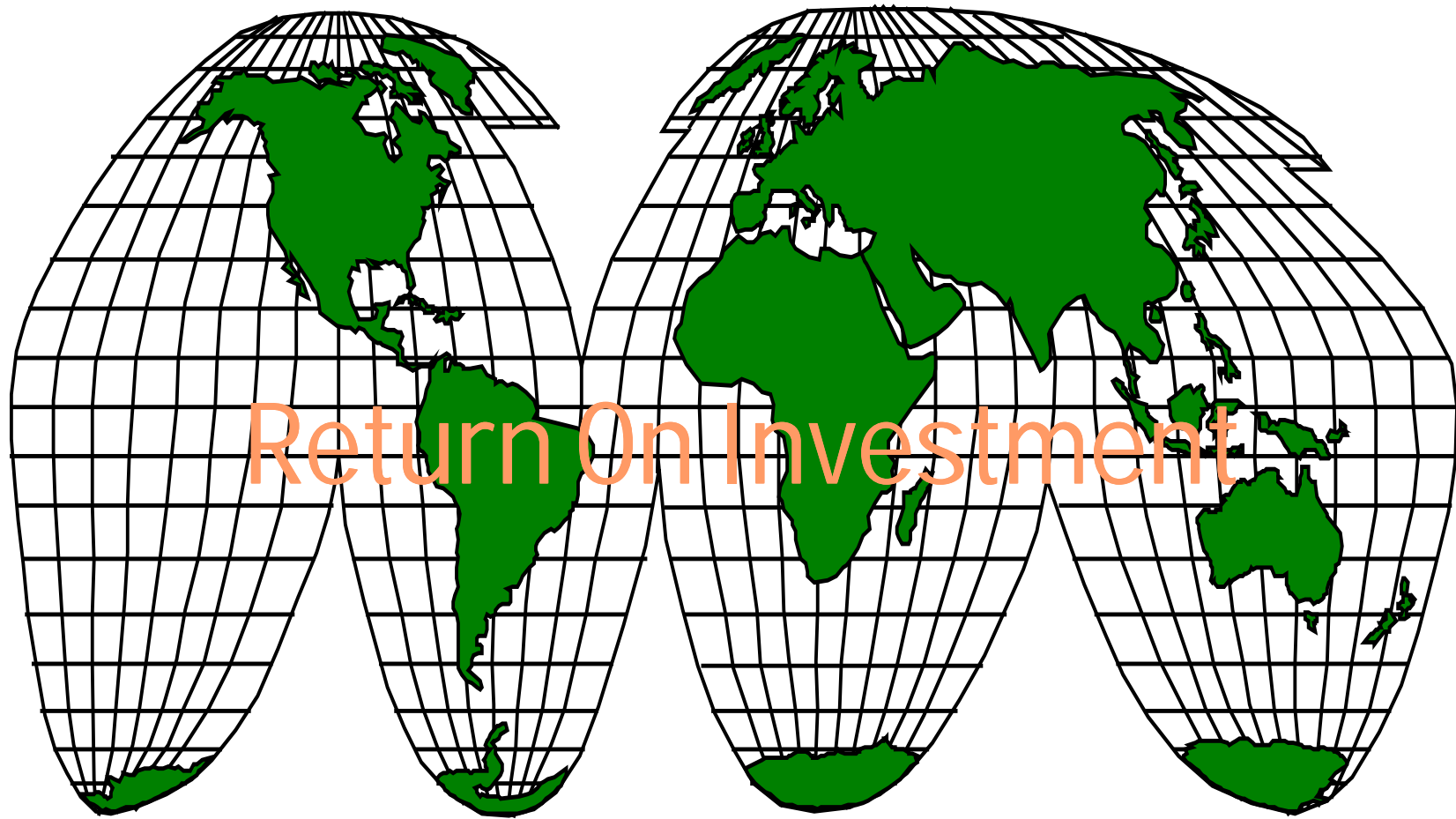
For what period of time and where is exclusivity commercially important? How long does it take to get a patent in these countries? What is the local law regarding provisional protection?

What is your patenting budget? What other developments are competing for this budget money?

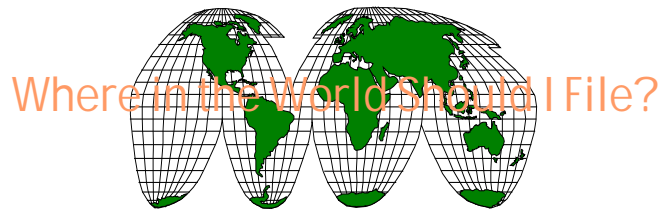
And, as we have discussed...

What is the current state of the patent and enforcement system? Is it changing for the better? Worse?

What does it cost?



Return On Investment



Return on Investment

Obtaining an adequate return on the investment (ROI) made in filing, obtaining and maintaining patent applications is a critical factor in the filing decision.

Unfortunately neither the existence nor magnitude of the ROI is known at the time the applications are filed.

One can only rely on past experience and future projections to try and “guesstimate” the expected ROI.

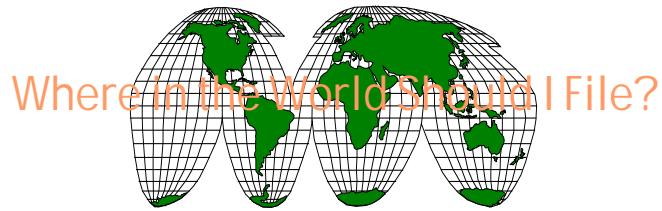
For applicants manufacturing and/or selling a product, learning the actual ROI may be impossible – you will never really know if the absence of a filed patent would have affected your commercial success, or *vice versa*.



Return on Investment

For applicants who license or sell their patents, an actual ROI can be determined from the investment and the revenue from the patent sale or license.

A patent is a business tool. In all cases, an applicant must expect an adequate *return on the investment* on money needed to obtain and maintain each patent application. A patent must “pay its own way,” and provide adequate revenue (in one form or another) for the patent holder. If it does not, then the patent is a drain on the business and (most likely) should not have been filed.



Concluding Thought

Filing a patent application is a business decision, and, like any major business decision, it should be carefully considered in light of applicable factors. The key factors discussed include *Cost, Ability to Obtain and Enforce, Need for Exclusivity, and Return on Investment.*

To maximize the chance for an adequate return on investment, the decision process cannot stop with the filing decision. The filing decision is just the first in a series of portfolio management decisions needed. At every logical decision point (PCT national phase entry, EPO validation, etc.) and also on a periodic basis (yearly, bi-yearly) each application/patent should be reviewed. Applications/patents no longer meeting your criterion should be abandoned.

Where in the World Should I File?



reed.td@pg.com