

For more information contact the
World Intellectual Property Organization

Address:

34, chemin des Colombettes
P.O. Box 18
CH-1211 Geneva 20
Switzerland
Telephone: 41 22 338 91 11
Fax: 41 22 733 54 28
e-mail: wipo.mail@wipo.int

or its New York Coordination Office at:

Address:

2, United Nations Plaza
Suite 2525
New York, N.Y. 10017
United States of America
Telephone: 1 212 963 4801
e-mail: wipo@un.org

Visit the WIPO website at:

<http://www.wipo.int>
and order from the WIPO Electronic Bookshop at:
<http://www.wipo.int/ebookshop>

Copies of this publication are available at the:

**INTELLECTUAL PROPERTY OFFICE
OF THE PHILIPPINES**

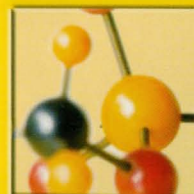
IPO Building
351 Sen. Gil Puyat Ave., Makati City
Philippines 1200
Telephone Nos. (632) 238-6300
Telefax No. (632) 897-1724
Website: <http://www.ipophil.gov.ph>
Email at dttb@ipophil.gov.ph or mail@ipophil.gov.ph.

IP Philippines Office Publication No. 917(E)

ISBN No. 978-971-94881-2-5

*Customization and printing of this material was financed under the WIPO United States
Patent and Trademark Office Funds in Trust.*

Intellectual Property
for Business Series
Number 3



INVENTING THE FUTURE

An Introduction to Patents
for Small and Medium-sized
Enterprises



INVENTING THE FUTURE

An Introduction to Patents for Small and Medium-sized Enterprises

Intellectual Property Office of the Philippines

Publications in the Intellectual Property for Business series:

1. Making a Mark: An Introduction to Trademarks for Small and Medium-sized Enterprises. IP Philippines publication
2. Looking Good: An Introduction to Industrial Designs for Small and Medium-sized Enterprises. IP Philippines publication
3. Inventing the Future: An Introduction to Patents for Small and Medium-sized Enterprises. IP Philippines publication
4. Creative Expression: An Introduction to Copyright and Related Rights for Small and Medium-sized Enterprises. IP Philippines publication

All publications are available at the Intellectual Property Office of the Philippines or www.ipophil.gov.ph.

Disclaimer: This publication has been customized and reproduced with the prior express permission of the World Intellectual Property Organization (WIPO), the copyright owner of the original English version, which is available at www.wipo.int/sme/en/documents/guides/. As such, WIPO is not liable or responsible for the accuracy or correctness of the customized version of the publication, as that liability or responsibility rests solely with the Intellectual Property Office of the Philippines.

IP Philippines Copyright (2010). WIPO owns copyright in the original English language version (2005).

Introduction

Inventing the Future is the third in a series of guides on Intellectual Property for business. It focuses on patents, a key tool to enhance a company's ability to draw maximum benefit from new and innovative ideas and technological capabilities. The management of knowledge resources, especially new ideas and concepts, is essential to the ability of enterprises to change, adapt and seize opportunities as they compete in an evolving business environment.

In today's knowledge economy, the patent strategy of an innovative enterprise should be a key factor in its business strategy. This guide explains in a simple and practical way the business benefits of the patent system for all types of enterprises. While readers are advised to consult a patent expert when seeking to protect, exploit or enforce a patent, the guide provides practical information to help readers to understand the basics and to be able to ask the right questions when consulting a patent expert.

Small and Medium-sized Enterprises (SMEs) are encouraged to use the guide to integrate their technology and patent strategies into their overall business, marketing and export strategies.

This guide has been adapted to the Philippine context by the Intellectual Property Office of the Philippines from the international version developed by the World Intellectual Property Organization to enable users to understand its importance with facility and ease.

Table of Contents

	Page
1. Patents	3
2. How to Get a Patent	17
3. Patenting Abroad	32
4. Commercializing Patented Technology	34
5. Enforcing Patents	39

1. Patents

What is a patent?

A patent is an exclusive right granted by the State for an **invention** that is **new**, **involves an inventive step** and is **capable of industrial application**.

It gives its owner the **exclusive right** to prevent or stop others from making, using, offering for sale, selling or importing a product or a process, based on the patented invention, without the owner's prior permission. A patent is a **powerful business tool** for companies to gain exclusivity over a new product or process, develop a strong market position and earn additional revenues through licensing. A complex product (such as a camera, mobile phone, or a car) may incorporate a number of inventions that are covered

by several patents, which may be owned by different patent holders. A patent in the Philippines is granted by the Philippines Government through the Intellectual Property Office of the Philippines (IP Philippines). It is valid for **20 years** from the date of filing of the patent application, provided the patentee pays the required maintenance fees. As patents are **territorial rights**, a patent granted in the Philippines is limited to the geographical boundary of the Philippines. In return for the exclusive right provided by a patent, the applicant is required to **disclose the invention** to the public by providing a detailed, accurate and complete written description of the invention in the patent application. The granted patent and the patent application is made public via publication in the official gazette of IP Philippines.



From Waste Plastics to Diesel and Gasoline

A mountain of waste plastic ready to choke the Philippines? For inventor Jayme Navarro of Poly-Green Technology and Resources, Inc., discarded shopping bags, garbage bags, even styrofoam used to package various products are waste materials that can be converted into fuel that is 20 percent cheaper than the current price of diesel and gasoline. He has a patented process that converts plastic waste into clean high quality low sulfur fuel. Patent No. 1-2008-000057.

What is an invention?

In patent jargon, an **invention** is generally a **technical solution to a problem**. It may relate to the creation of an entirely new device, product, method or process, or may simply be an **incremental improvement** to a known product or process. Merely finding something that already exists in

nature generally does not qualify as an invention; an adequate amount of human ingenuity, creativity and inventiveness must be involved.

While most inventions nowadays are the result of considerable efforts and long-term investments in Research and Development (R&D), many simple and inexpensive technical improvements, of

The power of innovation

Appreciating the distinction between “invention” and “innovation” is important. **Invention** refers to a technical solution to a technical problem. It may be an innovative idea or may be in the form of a working model or prototype. **Innovation** refers to the translation of the invention into a marketable product or process. Some of the main reasons why companies innovate include:

- To improve manufacturing processes in order to save costs and improve productivity;
- To introduce new products that meet customer needs;
- To remain ahead of the competition and/or expand market share;

- To ensure that technology is developed to meet actual and emerging needs of the business and its clients;
- To prevent technological dependence on other companies' technology.

In today's economy, managing innovation within a company requires a good knowledge of the patent system in order to ensure that the company draws maximum benefit from its own innovative and creative capacity, establishes profitable partnerships with other patent holders and avoids making unauthorized use of technology owned by others. Unlike the past, many innovations nowadays are complex and are based on a number of patented inventions, which may be owned by different patent owners.

great market value, have yielded significant income and profits to their inventors or companies.

Why should you consider patenting your inventions?

Short product cycles and increasing competition put enormous pressure on enterprises to become innovative and/or obtain access to other companies' innovations, so as to become and remain competitive in domestic and export markets. The exclusive rights provided by a patent may be crucial for innovative companies to prosper in a challenging, risky and dynamic business climate. Key reasons for patenting inventions include:

- **Strong market position and competitive advantage.** A patent gives its owner the exclusive right to prevent or stop others from commercially using the patented invention, thereby reducing uncertainty, risk and competition from free riders and imitators. If your company owns or obtains the permission to exploit a valuable patented invention it may be able to create a market entry barrier for competitors in respect of the same inventions. This will

help it to become a pre-eminent player in the relevant market(s).

- **Higher profit or returns on investment.** If your company has invested a significant amount of time and money in R&D, patent protection of the resulting inventions would help in recovering costs and obtaining higher returns on investments.
- **Additional income from licensing or assigning the patent.** As a patent owner, you may license your rights over the invention of others in exchange for lump sum payments and/or royalties, in order to generate additional income for the company. Selling (or assigning) a patent implies transfer of ownership whereas licensing implies only permission to use the licensed invention under specified conditions.
- **Access to technology through cross-licensing.** If your company is interested in technology owned by others you may use your company's own patents to negotiate cross-licensing agreements, by which your company and the other party agree to authorize each other to use one or more of your respective patents under

conditions specified in the agreement.

- **Access to new markets.**

Licensing of patents (or even pending patent applications) to others may provide access to new markets, which are otherwise inaccessible. In order to do so, the invention must also be protected in the relevant foreign market(s).

- **Diminished risks of infringement.** By obtaining patent protection you will be able to prevent others from patenting the same invention and also reduce the chances of infringing the rights of others when commercializing your products. While a patent by itself does not provide the “freedom to use”, it does prevent others from patenting the same or similar inventions and provides a reasonable indication that the invention that you have patented is new and significantly different from the “prior art.” (More on “prior art” on page 12).
- **Enhanced ability to obtain grants and/or raise funds at a reasonable rate of interest.**

Ownership of patents (or license to use patents owned by others) may enhance your ability to raise capital to take a product to

market. In some sectors (e.g., biotechnology), it is often necessary to have a strong patent portfolio to attract venture capitalists.

- **A powerful tool to take action against imitators and free riders.** In order to effectively enforce the exclusivity provided by a patent, it may occasionally be necessary to litigate, or bring your patents to the attention of those who are violating your patent rights. Owning a patent considerably improves your ability to take successful legal action against copiers and imitators of the protected invention.
- **Positive image for your enterprise.** Business partners, investors, shareholders and customers may perceive patent portfolios as a demonstration of the high level of expertise, specialization and technological capacity of your company. This may prove useful for raising funds, finding business partners and raising your company’s profile and market value. Some companies mention or list their patents in advertisements to project an innovative image to the public.

What other legal instruments are available for protecting your products?

This guide focuses on **patents**. However, depending on the product in question, there may be other intellectual property rights that are suitable for protecting various features of an innovative product; these include:

- **Utility models** Protection for this category could be both for product and process. A utility model can be converted into a

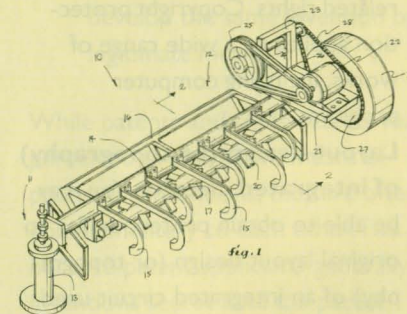
regular patent under certain circumstances (see *Rule 215, Implementing Rules and Regulations on Utility Model; Republic Act 8293*)

- **Trade secrets.** Confidential business information may benefit from trade secret protection as long as:
 - it is not generally known to others dealing with that type of information;
 - it has commercial value because it is secret; and

An Apparatus for Plowing and Mixing Biodegradable Material to the Soil

Utility Model Registration no. 2-2007-000415
by Mr. Ramon Uy

The utility model relates to an apparatus for the proper and efficient mixing of biodegradable waste materials such as farm waste, animal manure, grasses, rice and sugar mill waste products or the like to the soil to enhance its nutrients. The utility model has a spindle to properly mix the biodegradable waste materials to the soil and at the same time a plurality of hook-like members for plowing the biodegradable materials. The apparatus operates in a circular motion and is driven by an electrical motor.



- reasonable steps have been taken by its owner to keep it secret (for example, restricting access to such information on a “need to know” basis, and entering into confidentiality or non-disclosure agreements).

- **Industrial designs.** Exclusivity over the ornamental or aesthetic features of a product may be obtained through the protection of industrial designs.
- **Trademarks.** Trademark protection provides exclusivity over distinctive visible signs used to distinguish the products of one company from those of others.
- **Copyright and related rights.** Original literary and artistic works may be protected by copyright and related rights. Copyright protection applies to a wide range of works, including computer programs.
- **Layout-design (or topography) of integrated circuits.** You may be able to obtain protection for an original layout design (or topography) of an integrated circuit used in microchips and semiconductor chips. Such protection may extend also to the final product incorporating the layout design.

If an invention is patentable, is it always wise to apply for patent protection?

Not always. If an invention is patentable, it does not necessarily follow that it will result in a commercially viable technology or product. Therefore, a careful weighing of pros and cons and an analysis of possible alternatives is essential before filing a patent application. A patent may be expensive and difficult to obtain, maintain and enforce. To file or not to file a patent application is strictly a business decision. It should be based primarily on the probability of obtaining commercially useful protection for the invention that is likely to provide significant benefits from its eventual business use.

Factors to be taken into account in deciding whether or not to file a patent application include:

- Is there a market for the invention? What are the alternatives to your invention, and how do they compare with your invention?
- Is the invention useful for improving an existing product or developing a new product? If so, does it fit in with your company's business strategy?

Patents versus secrecy

If your invention is likely to fulfill the patentability requirements (see page 10), your company will face a choice: to keep the invention as a trade secret, to patent it or to ensure that no one else is able to patent it by disclosing it (commonly known as **defensive publication**) thereby assuring its place in the “public domain”.

In the Philippines, the protection of trade secrets is available under specific provisions in the Revised Penal Code and the Intellectual Property Code by case law on the protection of confidential information. Trade secrets may also be protected by contractual provisions in agreements with employees, consultants, customers, and business partners.

Some advantages of trade secret protection include:

- Trade secrets involve no registration costs;
- Trade secret protection does not require disclosure or registration with IP Philippines and the invention is not published;
- Trade secret protection is not limited in time;
- Trade secrets have immediate effect.

Disadvantages of protecting inventions as trade secrets:

- If the secret is embodied in an innovative product, others may be able to “reverse engineer” it, discover the secret and, thereafter, be entitled to use it;
- Trade secret protection is effective only against improper acquisition, use or disclosure of the confidential information;
- If a secret is publicly disclosed, then anyone who obtains access will be free to use it;
- A trade secret is difficult to enforce, as the level of protection is considerably weaker than for patents; and
- A trade secret may be patented by others who may independently develop the same invention by legitimate means.

While patents and trade secrets may be perceived as alternative means of protecting inventions, they are often complementary to each other. This is because patent applicants generally keep inventions secret until the patent application is published by the patent office. Moreover, a lot of valuable know-how on how to exploit a patented invention successfully is often kept as a trade secret.

- Are there potential licensees or investors who will be willing to help to take the invention to market?
- How valuable will the invention be to your business and to competitors?
- Is it easy to “reverse engineer” your invention from your product or “design around” it?
- How likely are others, especially competitors, to invent and patent what you have invented?
- Do the expected profits from an exclusive position in the market justify the costs of patenting?

Utility models

Some of the characteristics of utility models are:

- The conditions for granting utility models are less stringent, as the “inventive step” requirement may be lower or absent altogether;
- Procedures for granting utility models are generally faster and simpler than for patents;
- Acquisition and maintenance fees are generally lower than those applicable to patents;

- What aspects of the invention can be protected by one or more patents, how broad can this coverage be and will this provide commercially useful protection?
- Will it be easy to identify violation of the patent rights and are you ready to invest time and financial resources for enforcing your patent(s)?

What can be patented?

An invention must meet several requirements to be eligible for patent protection. These include, in particular, that the claimed invention:

- The maximum possible duration of utility models is usually shorter than it is for patents;
- Utility models may be both for product and process; and
- At any time before the grant or refusal of a utility model registration, an applicant for a utility model registration may, upon payment of the prescribed fee, convert his application into a patent application, which shall be accorded the filing date of the utility model application.

Protecting computer software

In the Philippines, computer software alone cannot be protected by **patents**. However, the object and source code of computer programs are further protected by **copyright**. Copyright protection is not contingent upon registration but optional registration and deposit in the National Library is possible and

desirable. Copyright protection is more limited in scope than patent protection, as it only covers the expression of an idea and not the idea itself. Many companies protect the object code of computer programs by copyright, while the source code is kept as a **trade secret**.

- Consists of **patentable subject matter**;
- Is **new** (novelty requirement);
- **Involves an inventive step** (non-obviousness requirement);
- Is **capable of industrial application** (utility requirement); and
- Is **disclosed** in a clear and complete manner in the patent application.

The best way of understanding these requirements is to study what has been patented by others in the technical field of your interest. For this, you may consult patent databases.

What is patentable subject matter?

Under the Intellectual Property Code of the Philippines, the following cannot be patented:

- Discoveries and scientific theories;
- Aesthetic creations;
- Schemes, rules and methods for performing mental acts;
- Mere discoveries of substances as they naturally occur in the world;
- Inventions that may affect public order, good morals or public health;

- Diagnostic, therapeutic and surgical methods of treatment for humans or animals;
- Plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes; and
- Computer programs.

How is an invention judged to be new or novel?

An invention is new or novel if it does not form part of the **prior art**. In general, prior art refers to all the relevant technical knowledge available to the public anywhere in the world prior to the first filing date of the relevant patent application. It includes, *inter alia*, patents, patent applications and non-patent literature of all kinds.

The definition of prior art varies in different countries. In the Philippines, any oral communication, public display and active use of a subject matter constitute prior art. Thus, in principle, the publication of the invention in a scientific journal or a company catalogue, its presentation in a conference,

its use in commerce or within the company, would all constitute acts that destroys the novelty of the invention, rendering it unpatentable. Therefore, it is important to prevent accidental disclosure of inventions prior to filing the patent application. Assistance of a competent patent agent is often crucial for a clear determination of what is included in the prior art. There is also such a thing as “secret prior art” which consists of pending unpublished patent applications, provided they are published at a later stage.

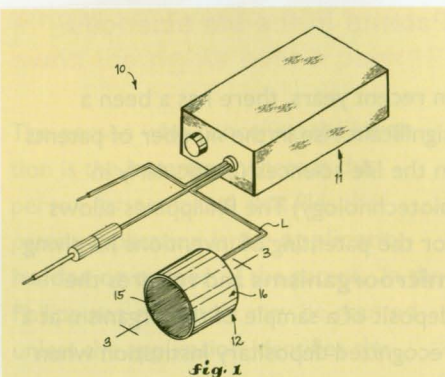
When is an invention considered to “involve an inventive step”?

An invention is considered to involve an inventive step (or to be **non-obvious**) when, taking into account the prior art, the invention would not have been obvious to a person skilled in the particular field of technology. The non-obviousness requirement is meant to ensure that patents are only granted in respect of truly creative and inventive achievements, and not to developments that a person with ordinary skill in the field could easily deduce from what already exists.

Some examples of what may not qualify as inventive are mere change of size; making a product portable; the reversal of parts; the change of materials; or the mere substitution by an equivalent part or function.

What is meant by “capable of industrial application”?

To be patentable, an invention must be capable of being used for an industrial or business purpose. An invention cannot be a mere theoretical phenomenon; it must be useful and provide some practical benefit. The term “industrial” is meant here in the broadest sense as anything distinct from purely intellectual or aesthetic activity, and includes, for example, agriculture. In the Philippines, the criterion is industrial applicability only. An invention which can be produced and used in any industry shall be industrially applicable. The utility requirement has become particularly important for patents on genetic sequences for which a utility may not yet be known at the time of filing the application.



Method and Apparatus for Reforming Air in an Internal Combustion Engine

Philippine Patent No. I-2006-000551
By Eraño M. Evangelista

The invention relates to a method and apparatus for reforming air for introduction to an internal combustion engine. Radio frequency current is driven by electromotive force to the surface of a conductor such that its electromagnetic radiation facilitates the reformation of air passing thereto, thereby producing nitrous oxide mix with fuel air mixture inside the combustion chamber of an engine. The addition of nitrous oxide facilitates an increase in combustion efficiency and engine power as well as minimizes environmentally harmful exhaust emission.

Patents in the life sciences

In recent years, there has been a significant rise in the number of patents in the life sciences (particularly in biotechnology). The Philippines allows for the patenting of inventions involving **microorganisms** and requires the deposit of a sample of the organism at a recognized depositary institution when the microorganism is not yet publicly available and cannot be properly described otherwise. While **plants and animals** are excluded from patentability, patenting of biological materials that have been purified and isolated from

their natural environment or produced by means of a technical process may be allowed. Philippine laws on IP may also list some specific types of inventions that may not be patented, such as processes for cloning human beings or processes for modifying the germ line genetic identity of human beings.

In the Philippines, **plant varieties** are protected under the Philippine Plant Variety Protection Act of 2002. The law provides for a *sui generis* registration that is administered by the Department of Agriculture.

What is the disclosure requirement?

A **patent must disclose the invention** in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the specific technical field. For patents involving microorganisms, a sample of the microorganism may be required to be deposited at a **recognized depositary institution**.

What rights are granted by patents?

A patent grants its owner the **right to exclude** others from commercially using the invention. This includes the right to prevent or stop others from making, using, offering for sale, selling or importing a product, based on the patented invention, without the owner's permission. Where it is a process patent, the right to restrain, prevent or prohibit any unauthorized person or entity from using the process, and from manufacturing, dealing in, using, selling or offering for sale, or importing any product

obtained directly or indirectly from such process.

It is important to note that a patent does not grant the owner the "freedom to use" or the right to exploit the technology covered by the patent but only the right to exclude others. While this may seem a subtle distinction, it is essential in understanding the patent system and how multiple patents interact. In fact, patents owned by others may overlap, encompass or complement your own patent. You may, therefore, need to obtain a license to use other people's inventions in order to commercialize your own patented invention and vice versa.

Also, before certain inventions (such as pharmaceutical drugs) can be commercialized other clearances may be required (e.g., marketing approval from the relevant regulatory body e.g., Food and Drug Authority for pharmaceutical drugs).

Who is an inventor and who owns the rights over a patent?

The person who conceived the invention is the **inventor**, whereas the person (or company) that files the patent application is the **applicant, holder or owner** of the patent. In the Philippines, no patent may be granted unless the application identifies the inventor.

While in some cases the inventor may also be the applicant, the two are often different entities; the applicant is often the company or research institution that employs the inventor. The following specific circumstances merit further analysis:

- **Employee invention.** In case the employee made the invention in the course of his employment, the patent shall belong to:
 - a. The employee, if the inventive activity is not a part of his regular duties even if the employee uses the time, facilities and materials of the employer.
 - b. The employer, if the invention is the result of the performance

of his regularly-assigned duties, unless there is an agreement, express or implied, to the contrary.

- **Independent contractors.** The person who commissions the work shall own the patent, unless otherwise provided in the contract.

- **Joint inventors.** When two (2) or more persons have jointly made an invention, the right to a patent shall belong to them jointly.

- **Joint owners.** If two (2) or more persons jointly own a patent and the invention covered thereby, either by the issuance of the

A Containment and Dewatering System for the Disposal of Sludge, Dredged Materials or the Like

Philippine Patent No. 1-2002-000634

By Mr. Manuel Coromina

The present invention provides for containment and dewatering system for the disposal of sludge, slurry, dredged material or the like that is capable of being handled and transported with facility, and is environment-friendly, highly stable and very effective and efficient in terms of dewatering capacity than the conventional system. The invention can significantly reduce the amount of pollutants resulting from the sludge disposal due to its capability to make the dewatered effluent clear and safe enough to be returned to the rivers or environment.

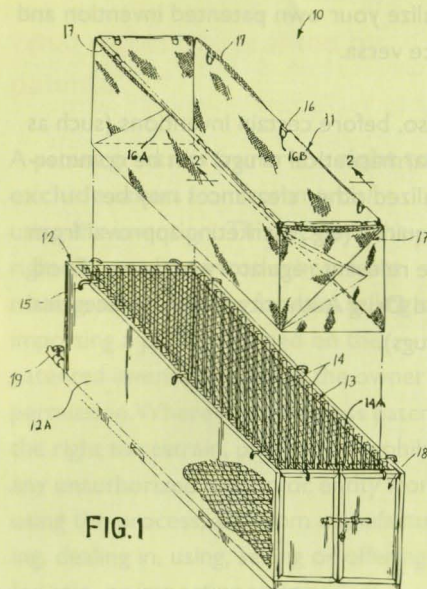


FIG. 1

patent in their joint favor or by reason of the assignment of an undivided share in the patent and invention or by reason of the succession in title to such share, each of the joint owners shall be entitled to personally make, use, sell, or import the invention for his own profit. Neither of the joint owners shall be entitled to grant licenses or to assign his right, title or interest or part thereof without the consent of the other owner or owners, or without proportionally dividing the proceeds with such other owner or owners.

2. How to get a patent

Where should you start?

Generally the first step is to perform a **prior art search**. With over 40 million patents granted worldwide, and millions of printed publications, which are potential prior art against your patent application, there is a serious risk that some reference, or combination of references, may render your invention non-novel or obvious, and, therefore, unpatentable.

A prior art patentability search can prevent you from wasting money on a patent application if the search uncovers prior art references that are likely to

Summary checklist

- **Should you patent your invention?** Consider advantages of patent protection, look into alternatives (secrecy, utility models, etc) and make a cost/benefit analysis. Read more about patents in the following sections to make sure you take an informed decision.
- **Is your invention patentable?** Consider the patentability

requirements, find out details of what is patentable in your own country and conduct a prior art search (see following section).

- **Make sure there is clarity on issues relating to rights over the invention,** between the company, its employees, and any other business partner who may have participated either financially or technically in developing the invention.

preclude the patenting of your invention. A prior art search should extend to all relevant non patent literature, including technical and scientific journals, textbooks, conference proceedings, theses, websites, company brochures, trade publications and newspaper articles.

Patent information is a **unique source of classified technical information**, which companies may find of great value for their strategic business planning. Most significant inventions are disclosed to the public for the first time only when the patent or patent application is published. Thus, patents and published

patent applications provide means of learning about current research and innovations often long before the relevant innovative product appears on the market. Patent searches should be part of the essential inputs to any company's R&D effort.

How and where can you conduct a prior art search?

Patents and patent applications published by the IP Philippines are accessible on-line, thus making it easier to conduct prior art searches. IP Philippines has made its **patent databases available online**, free-of-charge at

The importance of searching patent databases

Aside from checking whether an invention is patentable, timely and effective searching of patent databases may provide very useful information and intelligence on:

- The R&D activities of current and future competitors;
- Current trends in a given field of technology;
- Technologies for licensing;
- Potential suppliers, business partners, or sources of researchers;
- Possible market niches at home and abroad;
- Relevant patents of others to ensure that your products do not infringe them ("freedom to operate");
- Relevant patents that have expired and technology that has come into the public domain; and
- Possible new developments based on existing technologies.

www.ipophil.gov.ph for **initial patent search**. You may also visit the WIPO website at www.wipo.int/wipogold/en.

While access to patent information is considerably simpler thanks to the Internet, it is not easy to perform a high-quality patent search. Patent jargon is often complex and obscure and professional searching requires considerable knowledge and expertise. While preliminary searches may be performed through free on-line patent databases, IP Philippines has corresponding fees for Search, Comprehensive Search, etc. Please refer to www.ipophil.gov.ph.

The International Patent Classification

The International Patent Classification (IPC) is a hierarchical classification system used to classify and search patent documents. It also serves as an instrument for orderly arrangement of patent documents, a basis for selective dissemination of information and a basis for investigating the state of the art in given fields of technology. The seventh edition of the IPC consists of **8 sections**, which are divided into **120 classes**, **628 subclasses** and

A prior art search can be done based on keywords, patent classification or other search criteria. The prior art uncovered depends on the search strategy employed, the classification system used, the technical expertise of the person who conducts the search, and the patent database being used.

How to apply for patent protection?

After a prior art search has been performed and the decision to seek patent protection has been made, a **patent application** has to be

approximately **69,000 groups**. The 8 sections are:

- A. Human Necessities;
- B. Performing Operations; Transporting;
- C. Chemistry; Metallurgy;
- D. Textiles; Paper;
- E. Fixed Constructions;
- F. Mechanical Engineering; Lighting; Heating; Weapons; Blasting;
- G. Physics
- H. Electricity

Currently, over 100 countries use the IPC to classify their patents: www.wipo.int/classifications/en/ipc/index.html

What are the steps for registering a patent?

1. Application for Patent

The application for a grant of Philippine Patent is filed with the Bureau of Patents of IP Philippines. The applicant shall pay the filing fees and submit the following:

- Properly filled-out Request Form for a Grant of Philippine Patent (the form may be obtained online from <http://ipophil.gov.ph>; see also Annex III). The request contains information on the title of the invention, the date of filing, the priority date and data such as the name and address of the applicant and the inventor.
- Description of the invention. The written description of an invention must describe the invention in sufficient detail so that anyone skilled in the same technical field can reconstruct and practice the invention from the description and the drawings without putting in further inventive effort.
- One or more claims. The claims determine the scope of protection of a patent. Each claim must be clear and concise and be supported by a description. The claims are crucial since, if they are badly drafted, even a truly valuable invention will become either a worthless patent that is easy to circumvent or design around, or

an invalid patent for lack of novelty or innovative step.

- Drawing(s) - necessary to understand the invention. Drawings show the technical details of the invention in an abstract and visual way. They help to explain some information, tool or result set out in the disclosure.
- An abstract. The abstract is a brief summary of the invention. It must not exceed 150 words.
- If the priority of an earlier filed application is being claimed, the details of the claim, i.e. filing date, file number and country of origin.

2. Formality Examination

Upon receipt of the application, the examiner checks if the application satisfies the formal requirements needed for the grant of a filing date. The date of filing is very important under the "first-to-file" system because it determines who has the right to the patent in the event of a dispute with another applicant for the same invention. The filing date is also crucial in determining prior art.

3. Publication of Unexamined Application

After the formality examination, a prior art search is conducted while the classification of the field of technology to which the invention belongs is ascertained. Thereafter, the application together with the results of the search (which normally

contains a list of published patent applications or issued patents as well as published articles and journals containing relevant and proximate inventions to those claimed by the application), will be published in the IP Philippines Gazette after the expiration of 18 months from the filing date or priority date. After the publication of the application, any person may present observations in writing concerning the patentability of the invention. Such observation shall be communicated to the applicant who may comment on them.

4. Request for Substantive Examination

Substantive examination is conducted upon request. The request for substantive examination of the application must be filed within six (6) months from the date of the publication. The application is considered withdrawn if no request is made within that period. If upon examination, the examiner finds reason to refuse the registration of the application, i.e. the application is not new, inventive or industrially applicable, IP Philippines, through its Bureau of Patents, shall notify the applicant of the reason for refusal/rejection giving the applicant the chance to defend or amend the application.

5. Decision to Grant Patent Registration or Decision of Refusal

If the examiner finds no reason for refusal of the application, or if the initial refusal/

rejection is satisfactorily rebutted and/or its patentability requirements sufficiently complied with by an amendment or correction of the applicant, the examiner shall issue a decision to grant the patent registration. Otherwise, the examiner will refuse the application in finality.

6. Inspection of Records.

The grant of a patent together with other information shall be published in the IP Philippines-Gazette within six (6) months. Any interested party may inspect the complete records of the patent, including the description, claims, and drawings of the patent on file with IP Philippines.

7. Appeal

An applicant may appeal to the Director of Patents against the final refusal of the examiner to grant the patent. If the Director of Patents affirms the decision of the examiner, the applicant may file an appeal to the Director General. The decision of the Director General may be appealed, in turn, to the Court of Appeals. If the applicant is still not satisfied with the decision of the Court of Appeals, he may appeal to the Supreme Court.

Annex IV provides a flowchart on the stages of the application procedure.

prepared and submitted to IP Philippines. The application will include a full description of the invention, the patent claims that determine the scope of the patent applied for, drawings and an abstract.

The task of preparing a patent application is generally performed by a patent attorney or agent who will represent your interests during the application process.

How much does it cost to patent an invention?

The costs vary considerably depending on factors such as the nature of the invention, its complexity, attorney's fees, the length of the application and objections raised during the examina-

tion by the patent office. For the schedule of government fees, you may refer to www.ipophil.gov.ph. It is important to keep in mind and properly budget the costs related to patent application and maintenance:

- There are generally costs associated with performing a **prior art search**, particularly if you rely on the services of an expert;
- There are **official filing fees** to be paid.
- If you rely on the services of a **patent agent/attorney** to assist you in the application process (e.g., provide the patentability opinion, draft the patent application, prepare the formal drawings and correspond with IP Philippines),

conceived and reduced the invention to practice whether or not the patent applicant has filed first subject only to the "statutory bar" provision of the law. In order to prove inventorship within a first-to-invent system, it is crucial to have well-kept, duly signed and dated **laboratory notebooks**, which may be used as evidence in case of a dispute with another inventor.

First-to-file versus first-to-invent

Like in many countries, in the Philippines, patents are granted to the **first person to file a patent application** on an invention. This is the "**first-to-file**" system. A notable exception is the United States of America where a "**first-to-invent**" system applies, in which case, a patent will be generally granted to the first inventor who

- you will incur additional costs;
- Once a patent has been granted by IP Philippines, you must pay **maintenance or renewal fees** on an annual basis to maintain the validity of the patent;
- In case you decide to patent your invention abroad, you should consider also the **relevant official filing fees** for the countries in question, the **translation costs** and the costs of using local **patent agents** (which is a requirement, in many countries, for foreign applicants).
- In case of inventions involving microorganisms, where the **deposit of the micro-organism** or biological material with a recognized depository institution is necessary, fees for filing, storage and viability testing of the deposited material will have to be paid. Such deposit of the micro-organism adheres to the social agreement of the Philippines as a member of the Budapest Treaty.
- The cost of obtaining a utility model registration is considerably less because the registration does not require the payment of maintenance fees.

When should you file a patent application?

In general, it is preferable to apply for patent protection as soon as you have all the information required for drafting the patent application. However, there are a number of factors that help an applicant to decide when is the best time to file a patent application. Reasons for ensuring that your application is filed early include the following:

- In the Philippines and in most countries worldwide (with the notable exception of the United States of America), patents are granted on a **first-to-file** basis. Thus, filing an application early is important to ensure that you are the first to file an application on that particular invention so that you do not lose your invention to others.
- Applying for patent protection early will generally be useful if you are seeking **financial support** or wish to **license** your invention to commercialize it.
- You can generally only enforce a patent once it has been granted by the relevant patent office, which is a procedure that may take a few years.

Nevertheless, rushing to file a patent application as soon as you have an invention may also be a problem for the following reasons:

- If you apply too early and subsequently make changes to your invention it will generally not be possible to make significant changes to the original description of the invention.
- In the Philippines, you normally have **12 months** to file an application for the same invention in all the countries of interest to your business in order to enjoy the benefit of the filing date of your first application. This may be a problem if the costs of applying in various countries and paying the maintenance fees are too high for your company. One way of mitigating this problem, is by postponing the payments of translation and national fees for a period of 30 months by using the **Patent Cooperation Treaty (PCT)**.

When deciding on the timing for filing a patent application, it is important to bear in mind that the application should be filed before disclosing the invention. Any disclosure before filing the applica-

tion (e.g., for test-marketing to investors or other business partners) should be done only after signing a confidentiality or nondisclosure agreement.

How important is it to keep an invention confidential prior to filing a patent application?

If you wish to obtain a patent on your invention, keeping it **confidential** prior to filing the application is absolutely necessary. In many countries, public disclosure of your invention prior to filing the application destroys the novelty of your invention, rendering it unpatentable. However, in some countries including the Philippines, a **grace period** of 12 months is provided for after public disclosure to file the patent.

It is, therefore, extremely important for inventors, researchers and companies to avoid any disclosure of an invention that might affect its patentability in different countries until the patent application has been filed.

What is a “grace period”?

Philippine law provides a “**grace period**” of 12 months, from the moment an invention was disclosed by

the inventor or patent applicant until the application is filed, in which the invention does not lose its patentability because of such disclosure. A company may disclose its invention, for example by displaying it in a trade show or publishing it in a company catalogue or technical journal, and file the patent application within the grace period without the invention losing patentability and being barred from obtaining a patent. This is what is referred to as non-prejudicial disclosure.

However, as this is not the case in all countries, relying on the grace period in your own country is dangerous, as it would preclude you from patenting the invention in other markets of interest where a grace period is not available. Your patent agent can assist you in strategizing whether or not to avail of the grace period.

Proofreading a granted patent

Once a patent is granted it is advisable to proofread the patent thoroughly to ensure that there are no mistakes or missing words, particularly in the claims.

What is the structure of a patent application?

A **patent application** has a range of functions:

- It determines the legal scope of the patent;
- It describes the nature of the invention, including instructions on how to carry out the invention; and
- It gives details of the inventor, the patent owner and other legal information.

Patent applications are similarly structured worldwide and consist of a **request**, a **description**, **claims**, **drawings** (if necessary) and an **abstract**. A patent document may be anywhere between a few pages to hundreds of pages long, depending on the nature of the specific invention and the technical field.

Request

It contains information on the title of the invention, the date of filing, the priority date and bibliographic data such as the name and address of the applicant and inventor.

Description

The written description of an invention must describe the invention in sufficient detail so that anyone skilled in the same technical field can reconstruct and practice the invention from the description and the drawings without putting in further inventive effort. If this is not the case, the patent may not be granted or may be revoked after it is challenged in a court action.

Claims

The claims determine the scope of protection of a patent. The claims are absolutely crucial to a patented invention since, if they are badly drafted, even a truly valuable invention could result in a worthless patent that is easy to circumvent or design around.

In patent litigation, interpreting the claims is generally the first step in determining whether the patent is valid and in determining whether the patent has been infringed. It is strongly advisable to seek the advice of an expert to draft patent applications, particularly the claims.

Drawings

The drawings show the technical details of the invention in an abstract and visual way. They help to explain some information, tool or result set out in the disclosure. Drawings are not always a necessary part of the application. If the invention is for a process or method of doing something, drawings usually are not required. If drawings are required, formal rules govern their acceptability.

Abstract

The abstract is a brief summary of the invention. When the patent is published by the patent office, the abstract is included on the front page. The abstract is sometimes improved or drafted by the patent examiner in the relevant patent office.

How long does it take to obtain patent protection?

The time taken for IP Philippines to grant a patent varies significantly depending on completeness of documents, and fields of technology. It may range from 3 to 4.8 years.

From what date is your invention protected?

Your rights effectively begin on the date of grant of your patent, as you can only take legal action against unauthorized use of the invention by third parties once it has been granted. However, in the Philippines, an infringer may become liable after the patent application is published (generally 18 months after the first application has been filed) provided the infringer has actual knowledge that the invention used is the subject matter of the patent application published. Typically, you may claim reasonable compensation for the illegal use of the invention from the date of publication.

In the Philippines, the following are the steps in registering a utility model or industrial design:

I. Application for Utility Model Registration

The application for registration of a Utility Model is likewise filed with the Bureau of Patents of IP Philippines (the form may be obtained online from <http://ipophil.gov.ph>; see also Annex V). The applicant shall pay the filing fees and submit the following:

- Properly filled-out Request form for a Registration of Utility Model (the form may be obtained online from <http://ipophil.gov.ph>);
- Description of the Utility Model and one or more claims;
- Drawing(s) necessary to understand the invention; and
- If the priority of an earlier filed application is being claimed, the details of the claim, i.e. filing date, file number and country of origin.

Patent pending

Many companies label their products embodying the invention with the words "Patent Pending" or "Patent Applied For", sometimes followed by the number of the patent application. Similarly, once the patent is granted, it is increasingly common for companies

to place a notice indicating that the product is patented, sometimes including the patent number. While these terms do not provide any legal protection against infringement, they serve as legal notice in infringement actions and maybe effective in dissuading others from copying the product as a whole or certain innovative features.

2. Formality Examination

The utility model shall be examined as to the completeness of the requirements for the grant of a filing date. Under the present "first to file" system, the date of filing is very important because it determines, in the event of a dispute with another applicant for the same or similar utility model, who has the prior right and is therefore entitled to the registration of the utility model. The filing date is also relevant in determining prior art.

Summary checklist

- **Is your invention patentable?** Conduct a prior art search and make good use of patent databases.
- **Filing a patent application.** Consider the importance of using a patent agent/attorney with expertise in the relevant field of technology, particularly for drafting the claims.

3. Formality Examination Report/Search Report

The application is classified and examined as to completeness of formal requirements, and a report thereon is sent to the applicant.

4. Applicant's Action on the Formality Examination Report

Within two (2) months from the mailing date of the formality examination report, the applicant may:

- **Timing of application.** Consider reasons for filing early/late and think of best timing for filing your patent application.
- **Do not disclose information** on the invention too early in order not to compromise its patentability.
- **Maintenance fees.** Remember to pay the maintenance or renewal fees in time to maintain your patent(s) in force.

- a. convert the utility model application to an application for a patent (which applicant may also do at any time before the registration of the utility model); or
- b. withdraw the application; or
- c. amend the application to comply with formality requirements found deficient by the examiner; or
- d. request for a registrability report.

If a registrability report is requested, the same is given to the applicant within two (2) months from receipt of the request and payment of fee from the applicant. The report shall contain citations of relevant prior art documents with appropriate indications as to their degree of relevance which will serve as an aid to the applicant in the determination of the validity of the utility model claim(s) in respect to newness.

- e. Not act in any way.

If the application meets all the formal requirements for registration and the Bureau of Patents

does not receive any other request or action from the applicant, the utility model shall be deemed registered provided all the required fees are paid. A utility model may be registered without substantive examination.

5. Publication Upon Registration of the Utility Model

Registration of the utility model shall be published in the form of bibliographic data and representative drawing, if any, in the IP Philippines Gazette within six (6) months after registration.

How long does patent protection last?

A patent is valid for twenty (20) years from the date of filing of the patent application, provided the required maintenance fees are paid on time.

A utility model registration has a term of protection of seven (7) years from date of filing, which cannot be renewed.

Do you need a patent agent to file a patent application?

Preparing a patent application and following it through to the grant stage is a complex task. Applying for patent protection means:

- Making a prior art search in order to identify any prior art that renders your invention unpatentable;
- Writing the claims and full description of the invention combining legal and technical jargon;
- Corresponding with the national or regional patent office especially during the substantive examination of the patent application;

- Making the necessary amendments to the application requested by the patent office.

All these aspects require in-depth knowledge of patent law and patent office practice.

Therefore, **even if legal or technical assistance is generally not mandatory it is strongly recommended**. It is advisable to rely on a patent agent who has both the relevant legal knowledge and experience as well as the technical background in the technical field of the invention. Further, the Intellectual Property Code of the Philippines requires that an “applicant who is not a resident of the Philippines must appoint and maintain a resident

Summary Checklist

- **Territorial rights.** Remember that patents are territorial rights.
- **Priority period.** Make use of the priority period to apply for protection abroad but do not miss deadlines that may impede you from obtaining patent protection abroad.
- **Where to apply.** Consider where you will benefit from

protection and take into account the costs of protecting in various countries.

- **How to apply.** Consider using the PCT to facilitate the application process, gain time and receive valuable patentability information on which you can base your decisions about further pursuing patent protection.

Advantages of the PCT

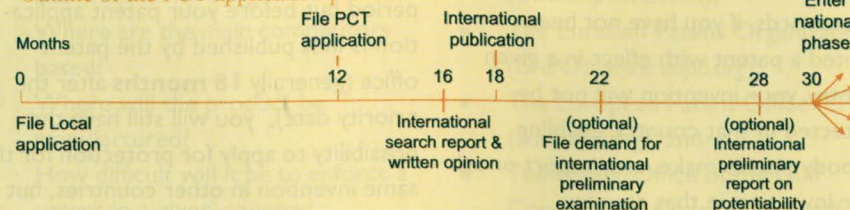
The Philippines is a member of the Patent Cooperation Treaty (PCT). The PCT provides at least **18 additional months** on top of the 12-month priority period, in which applicants can explore the commercial potential of their product in various countries and decide where to seek patent protection. Payment of the fees and translation costs associated with national applications is thus delayed. The PCT is widely used by applicants to keep their options open for as long as possible.

PCT applicants receive **valuable information** about the potential patentability of their invention in the form of the PCT **International Search Report** and the **Written Opinion of the International Searching Authority**. These documents provide PCT applicants with a strong basis on which

they can make their decisions about whether or not and where to pursue patent protection. The International Search Report contains a list of prior art documents from all over the world, which have been identified as relevant to the invention. The Written Opinion of the International Searching Authority analyzes the potential patentability in light of the results of the International Search Report.

A single PCT application, in one language and with one set of fees, has legal effect in all PCT member countries. This effect significantly **reduces the initial transaction costs** of submitting separate applications to each patent office. The PCT may also be used to file applications under some of the regional patent systems. Guidance on how to submit an international application under the PCT can be obtained from IP Philippines and at www.wipo.int/pct.

Outline of the PCT application process



agent or representative in the Philippines upon whom notice or process for judicial or administrative procedure relating to the application for patent or the patent may be served."

Can you apply for protection of many inventions through a single application?

Philippine laws generally allow one invention per patent application. The exception is when a group of inventions forms a single general inventive concept. An invention which has several embodiments may be covered by a single application.

3. Patenting abroad

Why apply for patents abroad?

Patents are **territorial rights**, which means that an invention is only protected in the countries or regions where patent protection has been obtained. In other words, if you have not been granted a patent with effect in a given country, your invention will not be protected in that country, enabling anybody else to make, use, import or sell your invention in that country. Patent protection in foreign countries

will enable your company to enjoy exclusive rights over the patented invention in those countries. In addition, patenting abroad may enable your company to license the invention to foreign firms, develop outsourcing relationship, and access those markets in partnership with others.

When should you apply for patent protection abroad?

The date of your first application for a given invention is called the **priority date** and any subsequent applications in other countries filed by you within **12 months** (i.e., within the **priority period**) will benefit from the earlier application and will have priority over other applications for the same invention filed by others after the priority date. It is highly advisable to file your foreign patent applications within the priority period.

After the expiration of the priority period but before your patent application is first published by the patent office (generally **18 months** after the priority date), you will still have the possibility to apply for protection for the same invention in other countries, but you can no longer claim priority of your

earlier application. This means that if another inventor files before you do on the same invention in a foreign country, your application will be denied. Once the invention has been disclosed or your patent application published, you may be unable to obtain patent protection in foreign countries, due to loss of novelty.

Where should you protect your invention?

As protecting an invention in many countries is an expensive undertaking, companies should carefully select the countries in which they require protection. Some of the key considerations when selecting where to patent are:

- Where is the patented product likely to be commercialized?
- Which are the main markets for similar products?
- What are the costs involved in patenting in each target market and what is my budget?
- Where are the main competitors based?
- Where will the product be manufactured?
- How difficult will it be to enforce a patent in a given country?

How do you apply for patent protection abroad?

There are three main ways of protecting an invention abroad:

The national route. You may apply to the national patent office of each country of interest, by filing a patent application in the required language and paying the required fees. This path may be very cumbersome and expensive if the number of countries is large.

The regional route. When a number of countries are members of a regional patent system, you may apply for protection, with effect in the territories of all or some of these, by filing an application at the relevant regional office. The regional patent offices are:

- The African Intellectual Property Organization (OAPI) (www.oapi.wipo.net);
- The African Regional Intellectual Property Organization (ARIPO) (www.aripo.wipo.net);
- The Eurasian Patent Organization (EAPO) (www.eapo.org);
- The European Patent Office (EPO) (www.epo.org); and
- The Patent Office of the Gulf Cooperation Council (www.gulf-patent-office.org.sa).

The international route. If your company wants to have the option of protecting an invention in any number of member countries of the Patent Cooperation Treaty (PCT), then you should consider filing an international PCT application. To be eligible to do so, you must be a national or resident of a PCT Contracting State, or, your business must have a real and effective industrial or commercial presence in one of these countries. By filing one international application under the PCT, you may simultaneously seek patent protection for an invention in the more than 125 member countries of the PCT (see Annex II). This application may be filed either at the IP Philippines and/or at the PCT receiving office at the World Intellectual Property Office (WIPO) in Geneva, Switzerland.

4. Commercializing patented technology

How do you commercialize patented technology?

A patent on its own is no guarantee of commercial success. It is a tool that enhances a company's capacity to benefit from its inventions. In order to provide a tangible benefit to a company, a patent needs to be exploited effectively and will generally make money only if the product based on the patent is successful in the market or boosts the firm's reputation and bargaining power. To take a patented invention to market, a company has a range of options:

- Commercializing the patented invention directly;
- Selling the patent to someone else;
- Licensing the patent to others;
- Establishing a joint venture or other strategic alliance with others having complementary assets.

How do you take a patented product to market?

The commercial success of a new product in the market does not only hinge on its technical features. As great

as an invention may be from a technical point of view, if there is no effective demand for it or if the product is not properly marketed it is unlikely to attract consumers. Commercial success, therefore, also depends on a range of other factors, including the design of the product, the availability of financial resources, the development of an effective marketing strategy and the price of the product in comparison with that of competing or substitute products.

To take an innovative product to market, it is generally helpful to develop a **business plan**. Business plans are effective tools for examining the feasibility of a business idea. A business plan is essential for approaching an investor to obtain financial resources to take a new patented product to market. Including information on your company's patents and patent strategy in the business plan is important, as it is a strong indicator of the novelty of your company's products, provides evidence of due diligence and reduces the risk of infringement of other companies' patents.

Can you sell your patent?

Yes, this is called assigning your patent, and it will permanently transfer ownership of the patent to another person. Such a decision must be very carefully considered.

By licensing your patent instead of assigning it, you obtain the benefit of royalties for the remainder of the life of the patent. Licensing can be a very financially rewarding strategy for that reason. Assignment, on the other hand, means you receive an agreed-upon payment once, with no future royalties, regardless of how profitable the patent ends up being.

There may be occasions when an assignment is advantageous. If a patent is sold for a lump sum, you get the value immediately, without having to wait up to 20 years to realize that value progressively. You also avoid the risk that the patent may be superseded by another technology. In the Philippines, assignments need to be registered with IP Philippines. In addition, assignment of the patent to a start-up company may be a precondition for funding, if the patent does not belong to the company.

In each case, it is an individual decision, based on your needs and priorities. However, assigning a patent is generally not recommended and patent owners generally prefer to maintain ownership over their inventions and grant licenses.

How do you license your patent to be exploited by others?

A patent is licensed when the owner of the patent (the licensor) grants permis-

sion to another (the licensee) to use the patented invention for mutually agreed purposes. In such cases, a **licensing contract** is generally signed between the two parties, specifying the terms and scope of the agreement.

Authorizing others to commercialize your patented invention through a licensing agreement will enable your business to obtain an **additional source of revenue** and is a common means of exploiting a company's exclusive rights over an invention.

Patent valuation

There are many different reasons why it might be beneficial or necessary for a company to conduct a patent valuation, including accounting purposes, licensing, mergers or acquisitions, assignment or purchase of IP assets or fundraising. While there is no single patent valuation method that is suitable in all circumstances, the following are the most widely used:

- **Income method:** Most commonly used patent valuation method. The method focuses on the expected income stream that the patent holder would get during the lifetime of the patent.

- **Cost method:** Establishes the value of the patent by calculating the cost of developing a similar asset either internally or externally.
- **Market method:** Based on the value of comparable transactions made in the market.
- **Option-based methods:** Based on the option pricing methods initially developed for use in pricing stock options.

There are factors that are difficult to quantify that may also impact on the value of a patent, such as the strength of the patent claims or the existence of close substitutes.

Licensing is particularly useful if the company that owns the invention is not in a position to make the product at all or in sufficient quantity to meet a given market need, or to cover a given geographical area.

As a license agreement requires skillful negotiations and drafting, it is advisable to seek the assistance of a licensing practitioner for negotiating the terms and conditions and for drafting the licensing agreement. In the Philippines, licensing agreements need to be registered with IP Philippines.

What royalty rate should you expect to receive for your patent?

In licensing deals, the owner of the right is generally remunerated through lump-sum payments and/or through recurring **royalties**, which may be based on sales volume of the licensed product (per unit royalty) or on net sales (net sales-based royalty). In many cases, the remuneration for a patent license is a combination of a lump-sum payment and royalties. Sometimes, an equity stake in the company of the licensee may replace a royalty.

While industry standards for royalty rates exist for particular industries and may usefully be consulted, it must be remembered that each licensing agreement is unique and the royalty rate depends on the particular and very distinct factors being negotiated.

Therefore, industry standards may provide some useful initial guidance but too great a reliance on such standards is often misplaced.

What is the difference between an exclusive and non-exclusive license?

There are three types of licensing agreements depending on the number of licensees that will be allowed to work in a patent:

- **Exclusive license:** a single licensee has the right to use the patented technology, which cannot even be used by the patent owner;
- **Sole license:** a single licensee and the patent owner have the right to use the patented technology; and
- **Non-exclusive license:** several licensees and the patent owner have the right to use the patented technology.

Summary Checklist

■ **Commercialization.**

Consider the different options for commercializing your patented invention and make sure you have a convincing business plan if you decide to take an innovative product to market.

■ **Licensing.** Royalty rates and other features of licensing agreements are a function of negotiation and it is advisable to seek expert advice when drafting and negotiating licensing agreements.

■ **Exclusive vs. Non-exclusive.** Consider the reasons for granting exclusive/nonexclusive licenses, particularly in the light of the maturity of the technology and your company's business strategy.

■ **Cross-licensing.** See whether you can use your patent(s) to access useful technology owned by others.

In a single licensing agreement, there may be provisions that grant some rights on an exclusive basis and others on a sole or non exclusive basis.

Should you grant an exclusive or non-exclusive license for your patent?

It depends on the product and on your company's business strategy. For example, if your technology can become a standard that is needed by all players in a specific market to perform their business, a non-exclusive, widely held license would be the most advantageous. If your product needs one company to invest heavily to commercialize the product (e.g., a pharmaceutical product that requires investments in performing clinical trials), a potential licensee would not want to face competition from other licensees, and may rightly insist on obtaining an exclusive license.

When is the best time to license your invention?

There is no best time to license your invention, as the timing will depend on the specificities of the case. However, for an independent entrepreneur or inventor, it is often advisable to start the

search for licensees as early as possible in order to guarantee a revenue stream that will be useful to cover the costs of patenting. There is no need to wait for the patent to be granted.

More than the right time, it is critical to find the right partner(s) to generate profits from the commercialization of the patented invention.

If you are interested in a competitor's patent, can you obtain permission to use it?

It may not always be easy or affordable to obtain authorization to incorporate technology owned by a competitor into your products/processes. However, if your competitor is also interested in your company's patents, then you should think of **cross-licensing**. Cross-licensing is very common in industries where a number of patents covering a wide range of complementary inventions are held by two or more competitors. Such competing companies seek to ensure their **freedom to operate** by obtaining the right to use patents owned by their competitors while providing the right to use their own patents to the competitors.

What is compulsory licensing?

IP Philippines may grant a license to exploit a patented invention, even without the agreement of the patent owner, in favor of any person who has shown his capability to exploit the invention, under certain circumstances like national emergency or where the public interest is at stake; where a judicial or administrative body has determined the exploitation by the owner of the patent or his licensee as anti-competitive; and where there is public non-commercial use of the patent by the patentee without satisfactory reason.

5. Enforcing patents

Why should you enforce patent rights?

If you launch a new or improved product and it is successful in the market, it is likely that competitors will sooner or later attempt to make products with technical features that are identical, or very similar, to those of your product. In some cases, competitors may have the benefit of economies of scale, greater market access, or access

to cheaper raw materials, and be able to make a similar or identical product at a cheaper price. This could put heavy pressure on your business, especially if it has invested significantly in R&D for creating the new or improved product.

The exclusive rights granted by a patent give the patent owner the opportunity to prevent or stop competitors from making products and using processes that infringe on its rights and to seek compensation for damages suffered. To prove that infringement has occurred, it must be shown that each and every element of a given claim, or its equivalent, is contained in the infringing product or process. Enforcing your rights when you believe that your patented invention is being copied may be crucial to maintaining your competitive edge, market share and profitability.

Who is responsible for enforcing patent rights?

The main responsibility for identifying and taking action against infringers of a patent lies with its owner. As a patent owner, you are responsible for monitoring the use of your invention in the marketplace, identifying any infringers

and deciding whether, how and when to take action against them. Independent inventors and SMEs may decide to shift this responsibility (or part of it) to an exclusive licensee.

It is advisable to contact a patent lawyer to assist you in taking any steps for enforcing your patent, both domestically and/or in any export markets. A lawyer will also advise you on the costs and the risks involved and the best strategy.

What should you do if your patent is being used by others without your authorization?

If you believe that others are infringing your patent, i.e., using it without your authorization, then, as a first step, you need to collect information about infringing parties and their use of the infringing product or process. You should accumulate all available facts to determine the nature and timing of your action. Always engage a patent lawyer to assist you in making a decision on the infringement of your patented invention. In some cases, when infringement is detected, companies choose to send a letter (commonly known as a “cease

and desist letter”) informing the alleged infringer of a possible conflict between your rights and the other company’s business activity. This procedure is often effective in the case of non-intentional infringement since the infringer will in many such cases either discontinue such activities or agree to **negotiate a licensing agreement**.

At times, a more drastic legal action may be required. You may ask the court to issue a seizure warrant or a Temporary Restraining Order (TRO) which is provided for as a legal remedy under Philippine laws. The court may order that the alleged infringers surrender the infringing products or stop their infringing action before a trial (which may take many months or years). However, the question of whether a patent has been infringed may be very

complex and a decision may, therefore, only be taken in proceedings on the merits of the case.

Where the company decides to initiate **civil proceedings**, the courts generally provide a wide range of civil remedies to compensate aggrieved owners of patent rights. A patent lawyer will be able to provide you the relevant information.

In order to prevent the **importation of goods infringing patents**, measures at the international border may be available to patent holders through the customs authorities.

As a general rule, if you identify infringement, it is highly advisable to seek professional legal advice.

Summary checklist

- **Be vigilant.** As far as possible, monitor the competition to detect infringement.
- **Seek advice.** Consult a patent attorney before you take any action to enforce your patents, as any move on your side may have an impact on the outcome of litigation.
- **Alternative dispute resolution.** Consider ways of settling disputes out of court and include relevant arbitration or mediation clauses in any license agreement.

What are your options for settling the patent infringement out of court?

If the dispute is with a company with which there is a signed contract (e.g., a licensing agreement), then first check whether there is an **arbitration or mediation** clause in the contract. It is advisable to include a special provision in contracts for the dispute to be referred to arbitration or mediation in order to avoid long and expensive litigation. It may be possible to use alternative dispute resolution systems, such as arbitration or mediation, even if there is no clause in the contract, or no contract at all, as long as both parties agree to it.

Arbitration generally has the advantage of being a less formal and shorter procedure than court proceedings, and an arbitral award is more easily enforceable internationally. An advantage of mediation is that the parties retain control of the dispute resolution process. As such, it can help to preserve good business relations with another enterprise with which your company may wish to collaborate in the future. More information on arbitration and mediation can be found at: www.ipophil.gov.ph.

Useful websites

For more information on:

- On the intellectual property issues from a business perspective:
www.wipo.int/sme
- On patents generally
www.wipo.int/patent/en/index.html
- On practical aspects relating to the filing of patent applications, see list of websites of national and regional patent offices available in Annex I or:
www.wipo.int/directory/en/uris.jsp
- On the Patent Cooperation Treaty:
www.wipo.int/pct/en/index.html
- On the International Patent Classification:
www.wipo.int/classifications/ipc/en
- On arbitration and mediation:
arbitrator.wipo.int/center/index.html
- On on-line patent databases of national and regional patent offices:
www.wipo.int/ipdl/en/resources/links.jsp
- On enforcement of IP rights:
www.wipo.int/enforcement
- On membership of WIPO-administered treaties:
www.wipo.int/treaties/en/index.jsp

ANNEX I – Website Addresses

National and Regional Intellectual Property Offices

African Intellectual Property Organization	www.oapi.wipo.net
Algeria	www.inapi.org
Albania	www.alpto.gov.al
Andorra	www.ompa.ad
Argentina	www.inpi.gov.ar
Armenia	www.armpatent.org
Australia	www.ipaustralia.gov.au
Austria	www.patent.bmvit.gv.at
Bahrain	www.gulf-patent-office.org.sa/bahrainframe.htm
Barbados	www.caipo.org
Belarus	www.belgospatent.org/english/about/history.html
Belgium	www.mineco.fgov.be
Belize	www.belipo.bz
Benelux	www.boip.int
Benin	www.oapi.wipo.net
Bolivia	www.senapi.gov.bo
Botswana	www.aripo.org
Brazil	www.inpi.gov.br
Bulgaria	www.bpo.bg
Burkina Faso	www.oapi.wipo.net
Burundi	www.oapi.wipo.net
Cambodia	www.moc.gov.kh
Cameroon	www.oapi.wipo.net
Canada	www.opic.gc.ca
Central African Republic	www.oapi.wipo.net
Chad	www.oapi.wipo.net
Chile	www.dpi.cl
China	www.sipo.gov.cn

China (Hong Kong -SAR)	www.ipd.gov.hk
China (Macao)	www.economia.gov.mo
China (Marks)	www.saic.gov.cn
Colombia	www.sic.gov.co
Congo	www.oapi.wipo.net
Costa Rica	www.registronacional.go.cr
Côte d'Ivoire	www.oapi.wipo.net
Croatia	www.dziv.hr
Cuba	www.ocpi.cu
Cyprus	www.mcit.gov.cy/mcit/drcor/drcor.nsf
Czech Republic	www.upv.cz
Democratic Republic of the Congo	www.oapi.wipo.net
Denmark	www.dkpto.dk
Dominican Republic	www.seic.gov.do/onapi
Egypt	www.egypo.gov.eg
El Salvador	www.cnr.gobs.sv
Estonia	www.epa.ee
Eurasian Patent Office	www.eapo.org
European Union (Office for Harmonization in the Internal Market – OHIM)	www.oami.eu.int
Finland	www.prh.fi
France	www.inpi.fr
Gabon	www.oapi.wipo.net
Gambia	www.aripo.org
Georgia	www.sakpatenti.org.ge
Germany	www.dpma.de
Ghana	www.aripo.org
Greece	www.obig.gr
Honduras	www.sic.gob.hn/pintelec/indice.htm
Hungary	www.mszh.hu/english/index.html
Iceland	www.patent.is/focal/webguard.nsf/key2/indexeng.html
India	www.ipindia.nic.in

Indonesia	www.dgip.go.id
Ireland	www.patentoffice.ie
Israel	www.justice.gov.il
Italy	www UIBM.gov.it
Jamaica	www.jipo.gov.jm
Japan	www.jpo.go.jp
Jordan	www.mit.gov.jo
Kazakhstan	www.kazpatent.org/english
Kenya	www.aripo.org
Kuwait	www.gulf-patent-office.org.sa
Lao People's Democratic Republic	www.stea.la.wipo.net
Latvia	www.lrpv.lv
Lebanon	www.economy.gov.lb
Lesotho	www.aripo.org
Liechtenstein	www.european-patent-office.org
Lithuania	www.vpb.lt
Luxembourg	www.etat.lu/ec
Malawi	www.aripo.org
Malaysia	www.mipc.gov.my
Mali	www.oapi.wipo.net
Mexico	www.impi.gob.mx
Monaco	www.european-patent-office.org/patlib/ country/monaco
Montenegro	www.yupat.sv.gov.yu
Morocco	www.ompic.org.ma
Mozambique	www.aripo.org
Namibia	www.aripo.org
Nepal	www.ip.np.wipo.net
Netherlands	www.octrooicentrum.nl
New Zealand	www.iponz.govt.nz
Niger	www.oapi.wipo.net
Norway	www.patentstyret.no
Oman	www.gulf-patent-office.org.sa
Panama	www.digerpi.gob.pa

Peru	www.indecopi.gob.pe
Philippines	www.ipophil.gov.ph
Poland	www.business.gov.pl/ Intellectual,property,protection,90.html
Portugal	www.inpi.pt
Qatar	www.gulf-patent-office.org.sa
Republic of Korea	www.kipo.go.kr
Republic of Moldova	www.agepi.md
Romania	www.osim.ro
Russian Federation	www.rupto.ru
Saint Vincent and the Grenadines	196.1.161.62/govt/cipo/index.asp
Saudi Arabia	www.gulf-patent-office.org.sa
Senegal	www.oapi.wipo.net
Serbia	www.yupat.sv.gov.yu
Sierra Leone	www.aripo.org
Singapore	www.ipos.gov.sg
Slovak Republic	www.indprop.gov.sk
Slovenia	www.uil-sipo.si/Default.htm
Somalia	www.aripo.org
South Africa	www.cipro.gov.za
Spain	www.oepm.es
Sudan	www.aripo.org
Swaziland	www.aripo.org
Sweden	www.prv.se
Switzerland	www.ige.ch
Syrian Arab Republic	www.himaya.net
Tajikistan	www.tipat.org
Thailand	www.ipthailand.org
The Former Yugoslav Republic of Macedonia	www.ippo.gov.mk
Togo	www.oapi.wipo.net
Trinidad and Tobago	www.ipo.gov.tt/home.asp
Tunisia	www.inorpi.ind.tn
Turkey	www.turkpatent.gov.tr
Turkmenistan	www.eapo.org

Uganda	www.aripo.org
Ukraine	www.sdip.gov.ua
United Arab Emirates	www.gulf-patent-office.org.sa
United Kingdom	www.patent.gov.uk
United Republic of Tanzania	www.aripo.org
United States	www.uspto.gov
Uruguay	www.dnpi.gub.uy
Uzbekistan	www.patent.uz
Venezuela	www.sapi.gov.ve
Yemen	www.most.org.ye
Zambia	www.aripo.org
Zimbabwe	www.aripo.org

Note:
For up-to-date information visit website at the following urls: www.wipo.int/members/en/ and www.wipo.int/directory/en/urls.jsp

ANNEX II

Contracting States of the Patent Cooperation Treaty (PCT)

(1 January 2005)

Albania	Dominica
Algeria	Ecuador
Antigua and Barbuda	Egypt
Armenia	Equatorial Guinea
Australia	Estonia
Austria	Finland
Azerbaijan	France
Barbados	Gabon
Belarus	Gambia
Belgium	Georgia
Belize	Germany
Benin	Ghana
Bosnia and Herzegovina	Greece
Botswana	Grenada
Brazil	Guinea
Bulgaria	Guinea-Bissau
Burkina Faso	Hungary
Cameroon	Iceland
Canada	India
Central African Republic	Indonesia
Chad	Ireland
China	Israel
Colombia	Italy
Comoros (effective 3 April 2005)	Japan
Congo	Kazakhstan
Costa Rica	Kenya
Côte d'Ivoire	Kyrgyzstan
Croatia	Latvia
Cuba	Lesotho
Cyprus	Liberia
Czech Republic	Liechtenstein
Democratic People's Republic of Korea	Lithuania
Denmark	

Luxembourg
 Madagascar
 Malawi
 Mali
 Mauritania
 Mexico
 Monaco
 Mongolia
 Morocco
 Mozambique
 Namibia
 Netherlands
 New Zealand
 Nicaragua
 Nigeria (effective 8 May 2005)
 Niger
 Norway
 Oman
 Papua New Guinea
 Philippines
 Poland
 Portugal
 Republic of Korea
 Republic of Moldova
 Romania
 Russian Federation
 Saint Lucia
 Saint Vincent and the Grenadines
 San Marino
 Senegal
 Serbia and Montenegro

Seychelles
 Sierra Leone
 Singapore
 Slovakia
 Slovenia
 South Africa
 Spain
 Sri Lanka
 Sudan
 Swaziland
 Sweden
 Switzerland
 Syrian Arab Republic
 Tajikistan
 The former Yugoslav Republic of
 Macedonia
 Togo
 Trinidad and Tobago
 Tunisia
 Turkey
 Turkmenistan
 Uganda
 Ukraine
 United Arab Emirates
 United Kingdom
 United Republic of Tanzania
 United States of America
 Uzbekistan
 Viet Nam
 Zambia
 Zimbabwe

Note:

For more up-to-date information on Contracting States of the PCT, see:
www.wipo.int/pct

ANNEX III

REQUEST FOR GRANT OF A PHILIPPINE PATENT

(The following is to be filled in by the Intellectual
 Property Office)
APPLICATION No.:

FILING DATE:

Date of Receipt:

THE UNDERSIGNED HEREBY REQUEST GRANT OF A
 PHILIPPINE PATENT FOR THE SUBJECT APPLICATION.

Box No. I TITLE OF THE INVENTION

Box No. II APPLICANT (WHETHER OR NOT ALSO INVENTOR). Use this box for indicating the
 applicant or, if there are several applicants, one of them. If more than one person (include, where applicable, a
 legal entity) is involved, continue in supplemental box.

The person in this box is (check one only): ☐ applicant and inventor ☐ applicant only

Name and address:

Telephone number:
 (including area code)

Fax Number:

E-mail address:

Country of Nationality:

Country of residence:

Box No. III INVENTOR/S. A separate sub-box has to be filled in respect of each person. If the following
 two sub-boxes are insufficient, continue in the "Supplemental Box". (giving therein for each additional person
 the same indications as those requested in the following two sub-boxes) or by using a "continuation sheet."

The person in this box is (check one only): ☐ applicant and inventor ☐ inventor only

Name and address:

If the person identified in this sub-box is applicant (or applicant and inventor), indicate also:
 Country of nationality: Country of residence:

The person in this sub-box is (check one only): ☐ applicant and inventor ☐ inventor only

Name and address:

If the person identified in this sub-box is applicant (or applicant and inventor), indicate also:
 Country of nationality: Country of residence:

Box No. IV AGENT (IF ANY) OR COMMON REPRESENTATIVE (IF ANY): ADDRESS FOR NOTIFICATIONS (IN CERTAIN CASES) A common representative may be appointed only if there are several applicants and if no agent is or has been appointed: The common representative must be one of the applicants. The following person (include, where applicable, a legal entity) is hereby/has been appointed as agent or common representative to act on behalf of the applicant(s) before the Intellectual Property Office.

Name and address, including postal codes:

Telephone number: _____ Fax No.: _____ E-mail address: _____
(including area code)

Box No. V PRIORITY CLAIM (IF ANY). The priority of the following earlier application(s) is hereby claimed:

Country in which it was filed:	Filing date (month, day, year)	Application No.
(1)		
(2)		
(3)		

Box No. VI SIGNATURE OF APPLICANT(S) OR AGENT OVER PRINTED NAME(S)

Box No. VII CHECKLIST (To be filled in by the applicant)

This application contains the following number of sheets:

1. request sheets
2. description sheets
3. claims sheets
4. abstract sheets
5. drawing(s) sheets

Total sheets

Figure number _____ of the drawing (if any)
is suggested to accompany the abstract for publication

This application as filed is accompanied by the items checked below:

- ☐ separate notarized power of attorney
- ☐ copy of general power of attorney
- ☐ priority document(s) (see Box No. V)
- ☐ cheques for the payment of fees
- ☐ other document(specify _____)

Sheet Number 3

Supplemental Box. Use this box in the following cases:

- i. if more than three persons are involved as applicants and/or inventors: in such case, write "Continuation of Box No. III" and indicate for each additional person the same type of information as required in Box No. III;
- ii. if there are more than three earlier applications whose priority is claimed; in such case, indicate "continuation of Box No. V" and indicate for each additional earlier application the same type of information as required in Box No. V.
- iii. if, in any of the Boxes, the space is insufficient to furnish the information; in such case, write "continuation of Box No..." (indicate the number of the box) and furnish the information in the same manner as required according to the captions of the Box in which the space was insufficient.

If this supplemental Box is not used, this sheet need not be included in the Request.

IPO-BP Form 1C

*This application form can be downloaded from <http://www.ipophil.gov.ph/>



If the person identified in this sub-box is applicant (or applicant and maker), indicate also:
Country of nationality: _____ Country of residence: _____

Box No. IV AGENT (IF ANY) OR COMMON REPRESENTATIVE (IF ANY); ADDRESS FOR NOTIFICATIONS (IN CERTAIN CASES) A common representative may be appointed only if there are several applicants and if no agent

is or has been appointed: The common representative must be one of the applicants.

The following person (include, where applicable, a legal entity) is hereby/has been appointed as agent or common representative to act on behalf of the applicant(s) before the Intellectual Property Office.

Name and address, including postal code:

Telephone number:
(including area code)

Fax No.:

E-Mail address:

Box No. V PRIORITY CLAIM (IF ANY) The priority of the following earlier application(s) is hereby claimed:

Country in which it was filed:

Filing Date

Application No.

(month, day, year)

(1) _____

(2) _____

(3) _____

Box No. VI SIGNATURE OF APPLICANT(S) OR AGENT OVER PRINTED NAME(S)

If the present Request form is signed on behalf of any applicant by an agent, a separate notarized power of attorney appointing the agent and signed by the applicant is required. If in such case it is desired to make use of a general power of attorney (deposited with the Intellectual Property Office), a copy thereof must be attached to this form.

Box No. VII CHECK LIST (To be filled in by the Applicant)

This application contains the following number of sheets:

1. Request

2. Description :

3. Claim(s):

4. Drawing(s):

Total Sheets: _____

Figure number(s) _____ of the drawings (if any) is suggested to accompany the abstract for publication.

This application as filed is accompanied by the items checked below.

- ☐ Separate notarized power of attorney
☐ Copy of general power of attorney
☐ Priority document(s) (see Box No. V)
☐ Cheques for the payment of fees
☐ Other documents (specify)

Other business oriented content and publication on intellectual property are on the WIPO's SMEs website at www.wipo.int/sme/en

Free electronic monthly newsletter of the SMEs Division are available at www.wipo.int/sme/en/documents/wipo_sme_newsletter_html