Do You Need to Patent Your Invention?

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In 2005 the European Patent Office commissioned Roland Berger Research to study the cost of patenting. Assuming a specification of 11 pages of description, 3 of claims, 4 of drawings designating Germany, the UK, France, Italy, Spain and Switzerland, the researchers computed the cost over 10 years at €32,000. Although translation costs will have been reduced considerably since the London Agreement came into force, other costs such as professional fees are likely to have risen.

That would be a substantial investment if the patent were worked but it is a sad fact that most patents on the world's patent registers are not. Moreover, most of the patents that are worked fail to cover their costs. Of those that do cover their costs only a very few make serious money.

Big companies know this and budget accordingly. They seek patent protection only for inventions that are likely to generate revenues. And they seek such protection only in those countries where they expect to collect those revenues. A private inventor seeking to commercialize his or her invention either by making and selling it him or herself or by licensing it to a third party has to be equally objective and unsentimental. Like every other intellectual property right, a patent is there to protect an income generating asset. Unless one is pretty sure that there is likely to be some income the invention is unlikely to be worth patenting.

The exercise that I recommend to inventors and other entrepreneurs is to pick the period for which they are planning the future of their business. Depending on the nature of the business that period may be anything from 6 months to 20 years or even longer. I ask them to list the revenue streams that they expect to generate over that period. I then ask them to consider the threats to those revenue streams of whatever nature. Some of these threats will come from competitors but most will not. Intellectual property can do nothing about the latter. Next, I ask my client to devise counter-measures to those threats, nearly all of which will be commercial such as reducing prices, developing new products, finding new customers and so on. Only in a minority of cases is legal protection the optimum response. That is usually in respect of products with long lead times that are expensive to develop and market. Extensive patent protection is indispensible if you have developed a new medicine but less necessary in a fast moving technology where the shelf life of the invention can be measured in months. In those latter cases I ask my client to consider alternatives to patents such as confidentiality, design right and, in the case of software, copyright. Finally, I stress that there is no point in obtaining legal protection without the wherewithal to enforce it. If the client's resources are limited, I urge him or her to consider intellectual property insurance.

The law of confidence is the very opposite of a patent. Instead of specifying "the invention in a manner which is clear enough and complete enough for the invention to be performed by a person skilled in the art" the invention is kept secret. The law imposes a duty upon anyone who receives information the use or disclosure of which could harm the person who confides it ("the confider") or benefit the person who receives it ("the confidante") in confidence neither to use nor disclose the information for so long as the information remains secret. Because it is not always clear whether the information is in fact confidential or given in confidence, confiders are advised to extract an acknowledgement and undertakings in writing from their confidantes. Such acknowledgements and undertakings are known as "confidentiality", "non-disclosure" or "confidentiality agreements". A template for a confidentiality agreement can be downloaded from the Inventors' Club website. Because the obligation of confidence lasts only so long as the information can be kept secret it provides no protection at all for a compound or mixture that can easily be analysed or an electrical or mechanical product that can be reverse engineered once the item has been marketed. On the hand, other information such as the recipes for Chartreuse or Coca Cola can be kept out of the public domain indefinitely. The law of confidence is relied upon by inventors for inventions that have yet to be patented or those which cannot easily be patented such as computer software.

Copyright protects literary works, drawings and other artistic works from being copied, published, lent, rented, performed or communicated to the public. The term varies according to the nature of the work from life plus 70 years in the case of an artistic or literary work to 25 years in the case of a typographical arrangement of a published edition. Since computer code and databases count as literary works, copyright is the other way of protecting software related inventions. Because Her Majesty's Government is party to the Berne and Universal Copyright Conventions and the TRIPs agreement a computer program written in Britain receives automatically simultaneous protection in most other countries. The main drawback of copyright is that it protects work from being copied, not from the making, use or distribution of a similar work.

The last alternative to patenting is unregistered design right. That is the right to prevent articles being made to an original design. "Design" for these purposes means aspects of shape or configuration of an article or part of an article. Unlike registered, registered Community or unregistered Community designs, design right can protect the mechanics or the circuitry of a product from unlicensed reproduction. The drawbacks of this right, however, are that there is a nationality or residence qualification which makes it difficult for persons outside the EU to claim that right for anything other than semiconductor topographies, the term is only 10 years and in the last 5 years anyone in the world including an infringer can claim a licence to make and sell articles made to the design as of right. □