

## Patent Strategies for Small to Medium Enterprises

Patent protection is important for SME's operating in all fields of technology. However, establishing a comprehensive patent portfolio can be an expensive exercise. Smaller enterprises need to have a strategy that provides them with the maximum amount of protection possible, within a limited budget.

A good strategy for an SME is to keep all options open, for as long as possible, at minimum cost. Obtaining a granted patent quickly so that a competitor can be sued is rarely the aim, and the cost of litigation early in the life of a project is likely to be prohibitive. A pending patent application serves useful purposes, such as acting as a deterrent to competitors, providing security for investors, and forming the basis for licensing or transferring technology. Whilst a patent application is pending there is room to manoeuvre so as to accommodate changes in how a project evolves and to take into account what competitors are doing. Once a patent is granted, the options are severely limited. In the context of a European Patent application, keeping the application pending has the additional advantage of delaying the expense necessary to deal with grant formalities and to validate the European Patent in the individual countries designated.

At an IP symposium in September 2009 Alison Brimelow, President of the European Patent Office, acknowledged that part of the expectation of the market is that innovative companies should have pending patents. She also acknowledged that some applicants are happy to keep a patent application pending. However, her attitude to this approach was that "it isn't what the IP system is meant to do." She is in favour of more legal certainty, with applications being refused or granted at an earlier stage. This conflicts with the interests of many SME's, who would prefer to keep the competition guessing for as long as possible about what patent will be granted. A refused application has no value at all. Unlike large companies, an SME will not have a large portfolio and cannot afford to take a "you win some, you lose some" approach.

The EPO aims to improve its efficiency, and this may result in patents being granted or refused more quickly. However, some imminent changes to the Rules of the EPO will undoubtedly affect the ease of manoeuvring for SME's.

There are frequently various aspects of a development. When a patent application is filed, there will be uncertainty as to their importance commercially and as to the prospects for patent protection. The cost of filing multiple patent applications at the time may be unacceptable to an SME. One way of dealing with this problem is to direct an application to an aspect chosen to be the most significant, but to include a basis for protecting the other aspects also. If one of those aspects becomes significant, the application can be divided up so that both aspects can be covered. This can be done incrementally so that there can remain the option of protecting additional inventions for several years. Currently, this can be done at any time until the basic European application is granted. Changes coming into force in Spring 2010 will impose strict limitations on when an application can be divided up in this way. Whilst the strategy will still be appropriate, and frequently the best one for an SME, the result of the changes is that decisions must be made at an earlier stage.

A hardening of attitudes in the EPO may also affect the ease of obtaining a European patent at all. In the field of computer implemented inventions, in particular, the EPO is "raising the bar" and one reason for doing this is to deter the filing of applications that have little chance of success. There may be some justification for dissuading people from filing applications in respect of gambling or financial schemes that involve no contribution to



technology, and for refusing such applications at the earliest possible stage. However, there is a danger of the same attitude filtering into the examination of genuine, technological inventions.

Already, there seems to be an increasing tendency for Examiners to appoint a formal hearing in Munich, the Hague or even Berlin, rather than continue the examination process in writing. The applicant has the option of attending the hearing or filing an appeal, both of which will increase costs. It is therefore important to present inventions in such a way as to minimise the risk of Examiners dismissing applications prematurely.

It will be some time before we are able to assess fully the effects of these and other changes in procedures and attitudes in the EPO. In the meantime, one option for an SME is to take more advantage of the UK national patent system. For commercial reasons, protection in the UK alone is rarely going to be sufficient, but a national patent in addition to a European patent can be a useful combination.

The attitude in the UK Intellectual Property Office differs from that in the EPO and can be more favourable to applicants. A UK application can be used to obtain a patent quickly, if that is desired, but it can also provide protection which differs from that being sought through the EPO. An SME may not have the resources to obtain two or more European patents to protect different aspects of a development, but it will be more feasible to have different types of protection covering the UK by taking advantage of the UK national route. Care must be taken to avoid overlapping protection, and a plan must be thought through carefully.

A patent strategy should also aim to take maximum advantage of the different procedures in the United States, where there are more flexible options that can suit the needs of SME's.

No two companies have the same needs or resources, and developing a viable patent strategy to deal with forthcoming challenges is something that should be discussed with a Patent Attorney.

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