

## Costs and procedures for obtaining patents

### Rights Granted by a Patent

A granted patent provides limited monopoly rights to one specific aspect of a product or process. The rights of a granted patent (subject to the rights being valid) can be used to stop another person from exploiting the product or process exhibiting the specific aspect patented, and may also be used to obtain recompense for unauthorised exploitation. The extent of the rights is determined by the definition found in the claims of the patent, if an article or process falls within the definition of a valid claim (with some minor latitude) then it infringes the claim, if it does not then there is no infringement.

To be valid a claim must be new, require an inventive step, be useful and be patentable subject matter. An assessment of these requirements is a complex process requiring the advice of a Patent Attorney.

It should be noted that just because a patent is granted does not mean that it is valid and also does not mean that the owner of the patent is entitled to exploit the product or process. The rights are strictly to stop others. Other patents (or other rights) might exist that cover other aspects of the product or process and these might be infringed notwithstanding ownership of protection for the aspect of the product or process under consideration. The net result is that a co-operative approach is needed for a product or process to be exploited under such circumstances. An infringement search is necessary to check the prospects of this occurring

### Searching

#### Database searching

We generally recommend that a database search be conducted to give an assessment of the likelihood of obtaining a patent or other rights, and to ascertain what the likely scope of those rights might be. Searches can be varied to suit client requirements.

We offer in the first instance a search through US patent literature which extends back about 20 years is an option that we find very useful as an initial assessment. The search will usually include tracing back "citations" into earlier patent literature. We usually work to a cost of about \$770 to \$1000 with this type of search, but sometimes, this should be extended for a more complete picture, or to cover a second facet. The search can be extended to other patent literature available through the PCT, European and Australian databases. These other search options can be discussed with an Attorney. Typically the searches take approximately two weeks to conduct.

### Australian Infringement search

Where a product is about to be launched in Australia it may be appropriate to determine whether someone else has a patent covering a particular aspect of your product. At times several searches should be conducted to cover more than one aspect of the product. The cost of each of these infringement searches will vary but generally cost about \$1800 and will take 3 to 4 weeks to complete.

### Infringement search in other Countries

Where a product is to be launched into a specific overseas market an infringement search can be conducted in the country or countries of interest. The costs will vary greatly but generally a cost of about \$2000 for each important aspect can be anticipated. Please note however that the cost of searches in some countries may vary greatly depending upon overseas associates charges.

### Innovation Patents Innovation

Patents provide short term protection (8 years) which is granted rapidly. Innovation Patents require the lesser innovative step instead of the inventive step required for a Standard Patent.

### Application

An Innovation Patent might be expected to be granted within a month of filing with the Patent Office. The application must first be prepared by us and checked carefully and then finally filed. The drafting process can be undertaken on an urgent basis but generally the process takes 2 to 3 weeks. The cost will vary depending on the complexity of the subject but costs generally fall within the range of \$2000 to \$3000.

### Granted Rights

The Innovation Patent is granted by the Patent Office after only an examination of formality matters. This means that no search will have been conducted and no assessment made of whether the Patent is novel, has an innovative step or indeed is useful. Additionally a granted Innovation Patent cannot be used against third parties until it has been certified. Therefore there is greater uncertainty in the validity of an Innovation Patent that has not yet been certified.

**Certified Innovation Patents**

At any time before the term of the Innovation Patent expires it is possible to request examination of the Innovation Patent. The cost of filing a request for examination is presently \$623. Following the request for examination the Patent Office will conduct a search and make an assessment of whether the Patent meets the novelty, innovative step and usefulness criteria required under the Patent Act. There is a reasonable prospect that a report will issue during this process at which time there may be a requirement for considerable correspondence to overcome objections raised by the Examiner. The cost of arguing a case may amount to a further \$160 to \$600, however that may be higher if the case is complex.

**Renewal Fees**

Renewal fees are payable to maintain an Innovation Patent after the second year from filing. The cost of the having us attend to the first payment is \$171.50.

**Standard Patents**

Standard Patents are for long term protection (20 yrs).

**Provisional Application**

The typical entry point into the Standard Patent process is by way of a Provisional Patent application. The Provisional application was originally intended to allow for a preliminary filing of an initial idea, whereupon new matter could be added within the first year. The drafting requirements for the Provisional application was originally a little forgiving, however, regrettably recent court decisions indicate that any laxness in drafting in a Provisional application can be fatal to the rights granted later in Australia. The same position generally applies if overseas protection is being contemplated. It is therefore essential that the Provisional Patent specification be of the highest standard practicable.

Most importantly if significant developments are made after a Provisional application is filed it is critical that you contact us so that we can properly assess whether the original Provisional application will adequately cover the development.

The Provisional Patent application must first be drafted and checked carefully and then finally filed. The drafting process can be undertaken on an urgent basis but otherwise the process generally takes about 2-3 weeks. The cost will vary depending upon the complexity of the subject but for a mechanical oriented Provisional specification costs will generally fall within the range of \$2000 to \$2500. If appropriate we can file informal drawings at the Provisional stage to avoid the cost of formal drawings.

The Provisional application is recognised in about 170 countries by reason of Australia's membership of the Paris Convention and can be used as a basis for complete applications in those countries.

The Provisional application is not published and if no action is taken will lapse irrevocably 12 months after filing.

**Complete Application - Australia Filing**

A Complete application can be prepared and filed based on a Provisional Patent application. Generally additional material will be added to the specification, as well as a set of claims that define the rights sought, and formal drawings. The cost of preparing a Complete specification will vary considerably depending upon the additional work required. In simple cases the cost can be as low as \$2000, whereas in cases where considerable changes are required and a large number of formal drawings are required, or in complex cases the costs may be of the order of \$3000 or more.

**Examination**

Examination for Patents is not automatic, a request for examination is required. This occurs about 2 years from the date that the Complete application is filed, and the Patent Office writes to direct the applicant to file a request for examination. If required the Examination can be expedited for a fee. The cost of requesting examination is \$791 at present. After the request is filed, a search is conducted by the Patent Office and typically after about 12 months an "Examiner's report" issues, often with some objections. These objections may include formality matters and point to one or more documents that are considered as a bar to the grant of a patent. Generally correspondence is entered into to overcome the objections raised. The cost of arguing cases is hard to predict but is likely to cost in the order of \$500 to \$1500, except in complex cases.

**Acceptance and Sealing**

Once the Patent Office is satisfied that the claims should be allowed, the application is said to be accepted. An acceptance fee is payable at a cost of \$442, if the specification has 20 claims or less. Within a time window of 3 months from the date that acceptance is published it is possible for a third party to oppose the grant of the patent. Unless there is some commercial conflict it is very rare to encounter opposition proceedings and these notes will not deal with the rather lengthy and potentially expensive opposition procedure.

### **Renewal Fees**

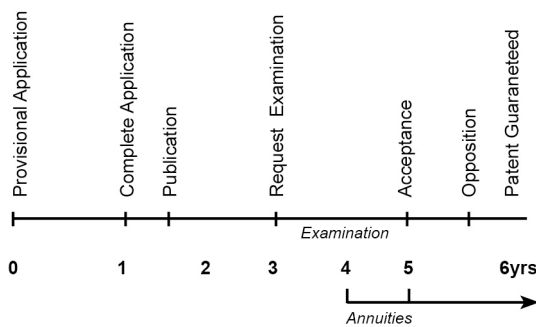
Annual fees are payable from the fifth year from date of filing the complete application and onwards. These cost in the range of \$354.50 for the first renewal incrementally increasing to about \$1179.50 for the final renewal.

### **Divisional Applications**

It is possible to file a further application based on either a provisional application or a Complete application should that seem necessary. Divisional applications are useful for example where the standard application process has been commenced but is a long way from being granted, and an infringement is found. A Divisional Patent application can be filed as an Innovation Patent so that short term protection is achieved in tandem with the long term protection of a standard patent. At other times the Patent Office may consider that a single application may constitute more than one invention, in which case it is possible to apply for a further application based on the original for an invention already disclosed in the original application.

The overall costs of achieving a granted standard patent (not including renewal fees) can be expected to be of the order of \$8000 to \$10,000.

Set out below is a time line diagram of the typical process of a Standard Patent Application.



### **Complete applications - Overseas**

These applications can be based on an Australian Provisional application.

### **Direct Filing**

We can file an application in any individual country on your behalf. An Australian provisional application can be used as a priority application for any country that is a member of the Paris Convention (a list can be provided upon request). Applications will be filed through our associates in the respective countries. The costs vary greatly from country to country, however the cost will generally be in the range of about \$3000 up to \$8000 for small companies, except where translations are necessary in non-English speaking countries or the specification is long. We can provide estimates for filing in any country. Regrettably we are not able to give firm quotes

because the costs may vary unexpectedly. The procedures for each country are quite diverse, but generally the Patent Office for a respective country will undertake examination (which may or may not occur automatically) and some correspondence will need to be entered into to progress the application to grant. Generally an issue fee is payable, and some form of renewal fee is payable either annually or for other defined periods. As a very approximate figure one would expect to pay in the order of \$15000 per overseas country to obtain a patent. It is also possible to file an application to obtain a regional patent for Europe in the European Patent Office, a regional Eurasian patent and through two different African regional Patent Offices. If it is clear that there are only a few countries where a patent should be obtained then we would generally recommend filing directly into those countries. If there are a great many countries that are required, or if there is uncertainty about which countries will be required pending the outcome of commercialisation efforts then the direct filing can be deferred somewhat by the PCT procedure which will be described below.

### **PCT - Patent Cooperation Treaty**

This procedure allows postponement of the decision of which overseas countries to file into by a period of 18 months and can be based on an Australian provisional application. The system allows a single application to be made covering over 120 member countries. The countries of interest can then be selected at a latter date during National Phase Entry. The cost of filing a PCT application is around \$10,000 for specifications of less than about 25 pages (including drawings). Recently there have been changes made to the PCT application procedure. A PCT now automatically designates all states which are members of the Patent Co-operation Treaty. If you have had dealings with International Applications in the past there have been several changes made to simplify the process. An International Search Report and Written Opinion of an International Searching Authority are normally received within 16 months from the priority date and contain a list of relevant prior art documents and an indication as to the novelty and inventiveness of the claimed invention.

The applicant can then choose from three options:

- Decide to take no action, if this option is chosen then the International Search Opinion will simply re-issue as an International Preliminary Examination Report on Patentability (IPRP Chapter 1) within approximately 28 months from the priority date;
- Written comments can be provided directly (Chapter I) when issued however no determination on their relevancy will be provided; or
- File a Demand for International Preliminary Examination within 22 months from the priority date (for some countries 19 months), this provides an opportunity to amend

Although it is possible to provide written comments during Chapter I it is usually not recommended. An anticipated cost of the correspondence and amendments is approximately \$200 to \$800.

It may be appropriate to submit argument in which case a Demand for International Preliminary Examination needs to be filed. This is non-binding on the National Offices, however it enables the issues raised in the Written Opinion to be addressed. The cost of filing a Demand will be around \$1300. While the cost of submitting argument and amendments will be in the order of \$180 to \$700 depending upon the complexity of the objections.

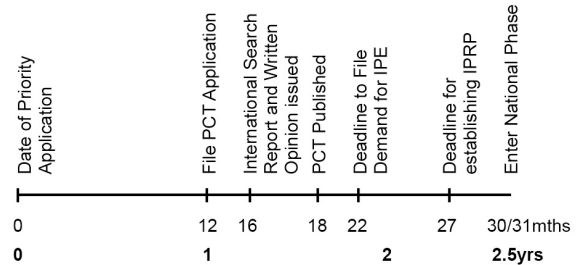
The entire PCT process, including filing a Demand for International Preliminary Examination is likely to cost in the order of \$13,000 for a moderate sized patent applications but these costs could be higher if protracted negotiations are entered into during International Preliminary Examination or for more complex inventions such as biotechnology invention.

### **National Phase**

At the end of 18 months from filing the PCT application (30 months from priority) and for some countries 19 months (31 months from priority) it is necessary to enter "National Phase" i.e. initiate a direct filing into the various countries of interest.

The costs associated with entering National Phase are quite high depending on the number of countries selected. The costs per country is about the same as involved in filing an application directly into the country. However the Examination costs in the individual countries may be reduced since the PCT application has already undergone examination.

Set out below is a time line diagram for the process of a PCT patent application claiming priority.



### **Utility Models - Innovation Patents**

Many overseas countries also have a facility for short term Patent Protection similar to Australia's Innovation patent system. Generally the protection is for 10 years, and in some instances no substantive examination takes place.

It is possible to nominate such protection through the PCT system, however because short term protection is usually desired immediately then direct filing is advisable.

Not all countries have Utility models - Innovation Patents, some notable countries without Utility Models are the United Kingdom, and the United States.

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