To Patent - or Not?

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There are many reasons for seeking protection of intellectual property rights by filing patent applications, and few reasons for not doing it. This article focuses on the situations when patenting is less advisable.

Filing patent applications can have many advantages. Nevertheless, in a few cases it may be better to postpone or even avoid the filing of a patent application.

A basic principle behind the patent system is that the description of the invention becomes public and thereby contributes to the general knowledge of society. In return, the applicant of a patentable invention obtains the right to prevent others from using the invention for 20 years. However, in some cases it may be more advisable to avoid the publication of the invention.

Here are some examples where the filing of patent application may be reconsidered: One example is when it is difficult to enforce the IP right and prevent others from using the invention once disclosed. This could be the case if your invention is a platform technology such as a screening technique which enables further research that leads to development of products or methods, or if your invention is a manufacturing method. In some cases, it may be difficult to prove that other parties have used the platform technique or manufacturing method in order to develop their own products or methods, since they may be able to arrive at the same result using a different technique.

Pursuing patent protection in the whole world is very expensive and suing potential infringers is even more expensive. In most cases a limited number of countries are selected for patent protection. However, if the platform technology or manufacturing method is easily transferred and implemented in countries where there are no patent rights and the use of the invention in these countries will result in a reduction of competitive advantage and market value of your company, it may be an advantage to avoid publication of the technology and keeping it as a business secret.

Reverse-engineering represents a risk for products which are not protected by patent applications, since the sale of one single product can destroy the patentability of the product if it is possible to determine the contents by reverse-engineering. In cases where it is impossible to reveal the composition of your product by reverse-engineering, it may be questioned whether a patent application should be filed.

It is also advisable to reconsider filing a patent application if you cannot provide proof-of-concept within a reasonable time-frame. It is a growing demand from the patent authorities that proof-of-concept is presented in order to proceed to granting of a patent. If proof-of-concept cannot be properly established within a reasonable time, the risk is that the patent application only leads to publication of the invention, but does not lead to the grant of a patent and protection of the invention. Once your invention is published, it is part of the prior art for future developments and can therefore provide a bump on the road for your future patent applications.

If you choose not to pursue the protection of your invention by a patent application it is advisable to take as many relevant measures as you can to ensure that your invention is kept secret. One reason is that the legal protection of trade secrets is dependent on the efforts made to keep the information a secret. Be aware that in practice it is difficult to keep secrets for long, and it may be difficult to prove that a previous employee, who is now working for a competitor is using know-how obtained in your company.

Measures to be considered when a technology is not protected by patent applications:

- Use non-disclosure agreements (NDA) whenever the technology is disclosed for employees, collaborators, investors and other parties.
- Non-compete clauses (NCC) or covenants not to compete (CNC) for employees.
- Describe the technology (i.e. the secret) in specific terms and formulate who is allowed to know about the technology and who is not.
- Restrict information access for employees.

We recommend formulation of an IPR strategy for your company which includes detailed policies regarding which inventions are to be kept as a secret and measures to be taken to ensure the maintenance of these secrets. Consulting a patent attorney for assistance in the formulation of such IPR strategies is advisable, since there are many pros and cons of the patent system which must be properly balanced in order to arrive at the optimal and tailor-made IPR strategy for you company.

You are welcome to contact HØIBERG A/S if you have questions regarding the above mentioned issues or need an opinion whether to file a patent application or not.

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