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Intellectual Property Rights and Patent Protection
Making the Move from Japan to Europe

In the latest edition of our newsletter, LRI Staff interviewed Mr. Robert Skone James, Partner and Chairman at Gill Jennings and Every LLP. Mr. Skone James is a European patent attorney specializing in the fields of computer technology, telecommunications, printing and many others. Mr. Skone James has extensive experience in handling opposition and appeal procedures at the European Patent Office where he appears regularly for oral proceedings. His clients are based in the UK, US, and particularly in Japan. The following newsletter contains Mr. Skone James' insight into the legal and logistical issues facing Japanese companies seeking patent protection in Europe.

Japan to Europe: The Patent Climate

Given the current strength of the Yen against European currencies (Euro, Pound)—up 20% in the past few years—taking a chance at entering the European market is becoming increasingly attractive. When investigating the feasibility of seeking intellectual property (IP) rights and patent protection in Europe, companies would be best to consider Europe as a whole, and not as a set of individual countries. The European Patent Office (EPO) provides a distinct benefit to patent applicants by allowing the submittal of one application to a central European office. If an EPO application is successful, then patent protection may be granted within the European countries of the applicants' choice (e.g. 1 EPO application; protection chosen for France, Germany, Italy) This can be more cost effective and efficient than submitting individual applications to each national patent office (e.g. 3 national applications for France, Germany, Italy). In addition, the Patent Prosecution Highway (PPH) program at the EPO enables Japanese companies to expedite the granting of a European patent on the merit of its pre-existing Japanese patents.

The UK's Green Channel

At present, the only patent program in Europe for environmental products is the "Green Channel" program offered by the UK Intellectual Property Office (UKIPO). For no additional cost, patent applications can be rapidly accelerated; with many UK patents being granted in approximately 9 months, and as early as 5 months. To qualify for this scheme, the patent applicant must merely explain why the invention is "Green". At present, the UKIPO is eager to find Green Channel cases, and satisfying the program requirements is relatively simple. Although the Green Channel can lead to prompt results, the applicant must still be diligent to satisfy all application requirements.

Photo Credit: Naveed Jan

Common Mistakes

The most common pitfalls for Japanese companies seeking to enter the European market stem from a failure to acknowledge the unique rules of the various European jurisdictions. The EPO in particular has strict application procedures not found in Japan or the United States, which if not followed initially are very difficult to correct later. Many issues arise if a patent is filed via the PCT (Patent Cooperation Treaty) system, also called an "international application", which can help to postpone patent prosecution costs. The downside in Europe is that the PCT description of an invention and patent are fixed for a long period of time. If a company files a patent description in Japan for a Japanese patent, and then seeks to transfer this to a European jurisdiction, there is no opportunity for alterations, and the original description stands. If an EPO patent application is filed one year after a patent has been filed in Japan, then changes in the invention and patent description can made before the application is filed with the EPO. Another area that is critical to success in Europe is claim dependency. When applying for a patent, dependent claims give the applicant a number of "fallback" positions with which to defend the patent application. These "fallback" claims tend to describe more restrictive features of the invention, so if Claim #1 is deemed to be too broad, the application can still pursued using a successive chain of dependent claims.

European vs. National Applications

With so many countries in Europe, it would be expensive to seek protection in each one individually. If a company does decide to take a national approach, then the typical countries to choose are Germany, France, the United Kingdom and The Netherlands (for electronics).

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If a company successfully gains protection in these countries, then they have essentially taken up most of the economic width of the European Union. These countries are very difficult for members of the European market to avoid, and can stop most roads of infringement. The EPO, on the other hand, can act as a gateway to obtain between one and twenty patents with a single application. Once this EPO application is approved, the company can choose in which countries they would like protection and then pay annual renewal fees in each.

Costs and Timescales

The breakeven point for costs when choosing whether to go for a single EPO application or multiple country applications is generally three countries. The cost savings are partly because of translation fees. The drawback with filing with the EPO is that if the application is unsuccessful, then a company will receive no protection at all. However, if a company cannot secure a patent through the EPO then likely none of its national patents would be approved either.

The main reason not to choose the EPO is the length of the process; the EPO has a significant backlog, meaning a company may not receive a patent for 3-4 years from the date of application. On a national level, the timescale varies from country to country. Britain is one of the fastest, especially Green Channel applications. On occasion, companies will file both nationally and with the EPO if there are serious worries about infringement. In this case, companies may apply to Britain so they can immediately begin using a national patent for legal protection.

Protection against NPE "Patent Trolls"

A recent phenomenon in the patent industry is the rise of Non-Practicing Entities (NPEs), often called "Patent Trolls". NPEs essentially purchase patents and then enforce the licensing rights against other companies, often forcing a settlement for supposed infringement. A recent estimate by Popular Mechanics showed that litigation by NPEs has cost publicly-traded companies over $500 billion USD in the past 20 years. The majority of NPE cases involve the technology sector. There are a number of strategies being adopted to protect against NPEs. One option is to engage amateur internet searchers to look for "prior art" that may be similar to the NPE's patent. Another option is to purchase, alone or with one or more other companies, the patents before NPEs can. Also, companies may choose a jurisdiction where a quick patent decision could be awarded, which then allows them to attack NPE infringement claims and either force the NPE to drop their case or agree to a less-expensive settlement.

Advice for Large Companies

Large companies should consider employing the national and EPO systems simultaneously. This helps guard against the risk of the EPO application being refused; leaving one or two national patents alive that could be used for protection if necessary. Large companies should also take the time to monitor what their competitors are doing, and if necessary, use the EPO's opposition procedure to potentially disallow competing patents across Europe.

Advice for Small Companies

For small companies, using the PCT offers a good search and a greater potential examination with no translation fees. Although it will take 2+ years to obtain a decision, the company will have a good indication if their innovation is patentable. This then allows for a strong decision whether to move forward into Europe, incurring costs only if there's a reasonable indication that obtaining a patent is likely.

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