

The Patent System

Introduction

This document gives a brief summary of the patent application process. The attached chart shows the most common patent protection routes.

Patents protect ideas and concepts embodied in things, methods and processes. Other forms of intellectual property (IP) protection may be used to protect the appearance of an article (design registration), the expression of an idea or artistic work (copyright) or a brand or trade name (trade marks). Please let us know if you wish to discuss other forms of IP protection.

Search

The first stage in obtaining patent protection is usually to perform a search to find out what has already been done. It is only possible to patent new and inventive ideas, so the search helps to establish what scope of protection may be available. The cost of an indicative international novelty search performed by an experienced patent searcher is generally around \$1500 to \$3500.

Whilst a search conducted by an experienced searcher will produce the most reliable results, inventors may choose to search the Internet and patent databases themselves. If you wish to undertake your own searching, we would be happy to provide you with a copy of our search guide.

Patent protection in New Zealand

A patent application is usually filed with a “provisional” specification describing the invention in detail. This application establishes a date, after which publication or release of a product will not generally result in loss of patent rights. It is crucial that there is no publication, sale or use of the product before a patent application is filed.

The scope of protection for a patent is eventually defined in a set of paragraphs called “claims”. A provisional specification normally does not include claims. However, we typically file a provisional specification with claims as this provides a better basis for foreign priority and reduces the work required to prepare the complete specification. Drafting and filing a provisional specification usually costs around \$4000 to \$6000, although greater costs could be expected for complex inventions.

Developments of the invention may be covered by filing further provisional specifications.

A “complete” specification must be filed within 12 months of the provisional specification. This specification usually includes the disclosure of the provisional specification and may also include any improvements made to the invention since the provisional specification was filed. It must also have claims. The cost of preparing and filing this specification is around \$1000 to \$3000 (if we file a provisional with claims), depending on the extent of improvements and modifications.

Patent protection outside of New Zealand

There are two main options for obtaining patent protection outside of New Zealand.

The first option is simply to file patent applications in each country where protection is desired. If these applications are filed within 12 months of the provisional specification, the Applicant is entitled to retain the benefit of the provisional filing date. The cost of filing each application varies across different countries, as indicated in the attached guide.

Each application is examined in the appropriate national Patent Office before a patent is granted in that country. Costs similar to the filing cost are generally incurred in each country during examination and grant procedures although these vary greatly from country to country and are likely to be much higher in the US and Japan.

The second option for obtaining foreign patent protection is to file a PCT (Patent Cooperation Treaty) application. This application should again be filed within 12 months of the provisional filing date to retain the benefit of that date and typically costs about \$8000 to \$10000. The main advantage of filing a PCT application is that the costs associated with filing in different countries are deferred until 30 months from the provisional filing date and it may make examination (discussed below) cheaper or quicker.

The PCT application is examined by an international examiner, and if a favourable examination report is established slightly less cost may be incurred during examination in the different countries. If filing in several countries (more than three or so) this route can therefore be more cost-effective.

Note that some (generally minor) countries are “non-convention” countries. Applications in these countries cannot claim the New Zealand filing date and must be filed independently, ideally at the same time as filing the New Zealand provisional specification. Similarly some countries are not members of the PCT, so this route is closed. PCT non-members include Taiwan and Argentina. We therefore recommend that you discuss countries of interest with us at an early stage.

Examination

Once the complete application is filed at a particular patent office, it is assigned to an examiner who will examine it and determine whether or not it complies with the legal requirements. One of the key tasks for the examiner is to search existing patents and other technical documentation to determine whether or not the invention is inventive.

This examination process involves interacting back and forth with the examiner to agree on an acceptable set of claims. If all objections are overcome, the application is accepted and published. Third parties have an opportunity to oppose the published application and if no opposition is lodged, a patent is granted.

The cost of examination depends on what scope of protection the applicant wants (broad or narrow) and in part on the particular examiner concerned. For example it may be \$3,000-10,000.

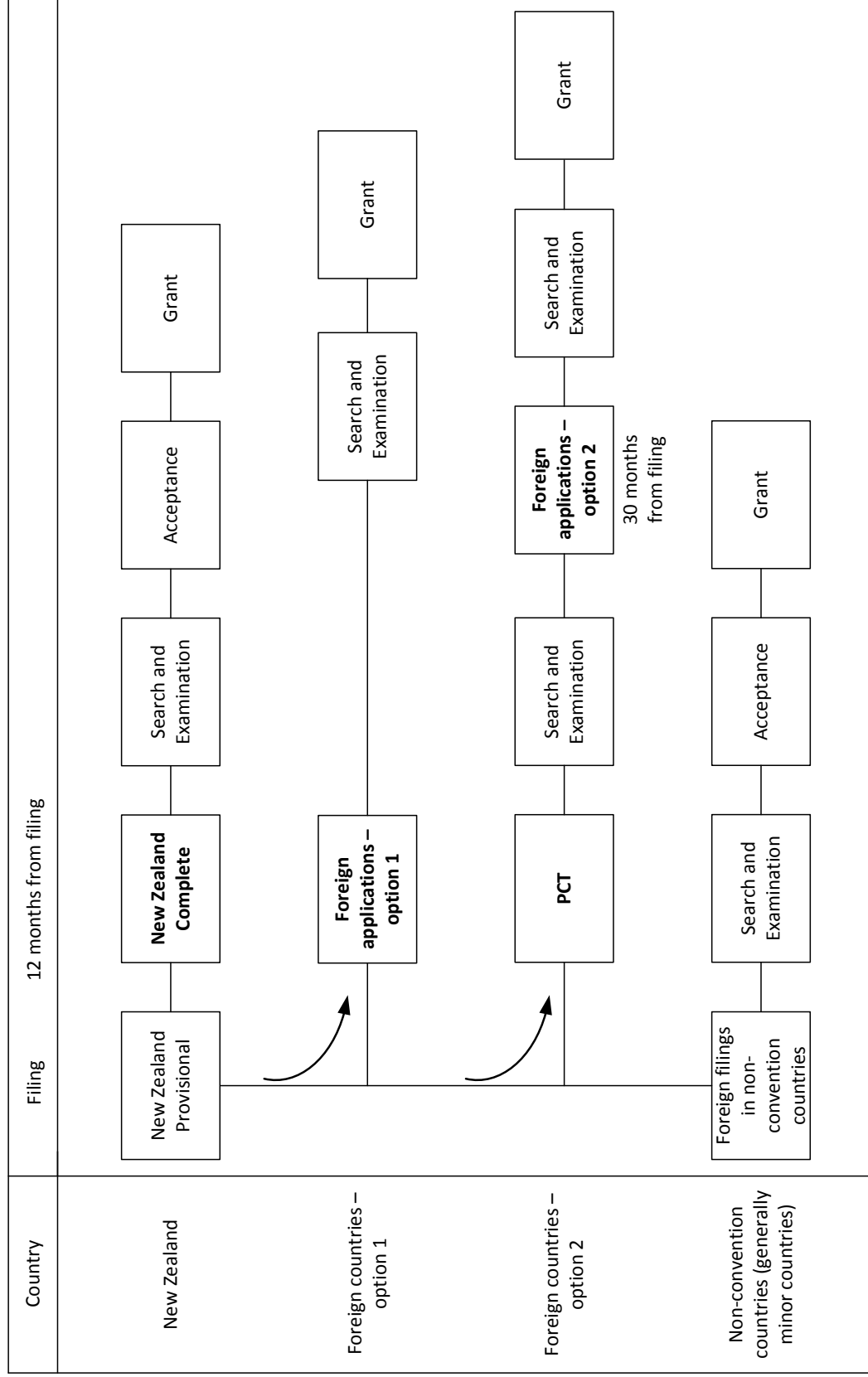
Maintaining a patent

Once a patent has been granted, renewal fees must be paid throughout the life of the patent to keep it in force. In some countries, renewal fees are payable before grant.

Patents last for twenty years, counted from the time of filing the complete, PCT or national application. Once a patent expires, or is allowed to lapse by non-payment of a renewal fee, others are free to make, use or sell the invention.

Renewal fees vary widely depending on the age of the patent and the country. A general guide is to budget on over the life of the patent is \$1,000/country/year. It is generally cheaper at the start and becomes more expensive the older the patent becomes.

Patent Timeline



ELLIS TERRY

INDICATIVE COSTS FOR NATIONAL PHASE FILINGS

<u>Country</u>	<u>NZ\$ Typical Filing Cost</u>
United States	6,000
Europe (all states designated)	11,000
Australia	1,800
China	8,000
Japan	8,000
Korea (South)	8,000
Canada	3,000
Hong Kong (within 6 months of Chinese publication)	2,000
India	3,000
Mexico	6,500
Singapore	3,000
South Africa	4,500

Please note that these costs are not fixed quotes, but are indicative costs based on previous filings. The actual cost may vary and if accurate estimates are required please let us know.