

CLIENT ALERT

Changes to European Patent Practice: New Claim Fees and the London Agreement

March 4, 2008

If you file, or are considering filing, patent applications in Europe, there are two recent changes to consider in planning your strategy.

EPO Increased Claim Fees

In December 2007, the European Patent Office (EPO) announced a change in its fee structure, effective April 1, 2008, with another change effective April 1, 2009. While there may be multiple motives behind the fee changes, one is certainly to reduce the number of filings and the time each application requires for examination.

Currently, when one files a patent application at the EPO, there is a basic fee covering the first 10 claims in the patent application, and then a charge of €45 (about \$67) for each claim in excess of 10. As of April 1, 2008, however, this changes. The basic fee will cover the **first 15 claims**, but the excess claim fee jumps more than four-fold to **€200 per claim (just under \$300)**. This means that for a routine case of perhaps 30 claims, the excess claim fee will go from €900 (about \$1330) to €3000 (about \$4440).

Background

U.S.-based technology companies typically derive 30-50% of their revenue outside the U.S. Protecting this revenue stream frequently includes the filing of patent applications in major markets such as France, Germany, the UK, Japan, China, and so forth. The cost of obtaining foreign patent protection is a key factor in the decisions of U.S. companies whether and where to seek foreign patent protection. The EPO has been a frequent choice, in part, because it provides a uniform application procedure for those seeking patent protection in up to 38 European countries, and it allows an applicant to defer much of the expense to a later date when it is known a patent will be granted.

New fees create new risks

Once the new fee structure is in place in April, the incentive to reduce the number of claims in an EPO application is significant. The incentive is even greater for the company that files several

EPO applications per year. However, reducing the number of claims raises the risk that the invention will be inadequately protected.

What should you do?

The first and most obvious step is to decide whether to expedite the planned filings of European patent applications which normally would be filed over the next several months and get them on file *before* April 1.

Post April 1, other strategies require consideration. One possible strategy would be to take advantage of the European multiple dependency practice to amend the claims into a more compact claim set. A set of 30-50 U.S. claims might, for example, be "Europeanized" down to 20-35 claims in some cases, without loss of coverage. Alternatively, in some instances, filing two applications with smaller claim sets may be less expensive than filing one application with a larger claim set. In other instances, it may now make sense to bypass the EPO and file directly in individual countries such as the UK or Germany.

A year from now, the excess claim fee goes up still further, to €500 per claim (about \$740). At that point, filing multiple applications or directly filing national applications in European countries of interest may become a real possibility to save cost.

Of course, multiple applications ultimately lead to multiple annuities, so a careful lifetime total cost of ownership calculation is warranted before going down this path. In addition, filing in individual countries entails the cost of prosecuting multiple patent applications in parallel.

London Agreement

Coincidentally, one month after the EPO fee increase, the cost of nationalizing or validating patents in certain European countries will fall. These countries have recently entered into a new treaty called the London Agreement, which goes into force May 1, 2008.

A major cost of validating a patent is translating the whole document into the language of the country of interest. Under the London Agreement, for any European patent granted after May 1, 2008, any participating country having English, German or French as an official language will no longer require the filing of a translation of the patent. As of this alert, such countries include Germany, Liechtenstein, Luxembourg, Monaco, Switzerland, UK, and France.

There are also participating countries which do *not* have English, German or French as an official language. These countries must choose one of these, and patents in their language of choice will only need to have the claims translated into that country's official language, not the full text required in the past. (Although there is a provision allowing countries to waive claim translation, it is not expected to be invoked.) Sweden, Denmark, and the Netherlands will require the claims to be translated, but not the description, provided that it is in English.

Summary

If you are planning to file in the EPO, or have a European patent application heading toward grant, you may reap substantial savings by either expediting filing (before April 1) or delaying grant (until after May 1). Missing these dates by even one day could cost thousands of dollars or force you to pare back the protection your technology truly deserves.

Post-April 1, evaluate the alternatives of multiple parallel filings and of filing in specific countries instead of the EPO.

Mark your calendar, also, to file in the EPO next year at this time, to get in under the April 1, 2009 fee increase. This may be possible by expediting Paris Convention (PCT) filings in the EPO or by expediting regional stage entry into the EPO from a PCT application.

This is also a good time to review your patent filing budget. With these European cost changes and the USPTO's own efforts to change its rules, old budgeting assumptions may be quite obsolete.

For Further Information

Please contact your Wolf Greenfield attorney to develop appropriate strategies in response to these changes.

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