

**TEN COMPELLING REASONS WHY EUROPEAN CLIENTS ARE BEST  
ADVISED TO FILE PATENT APPLICATIONS IN THE U.S. FIRST**

*“Can you imagine telling your client, after your client’s patent application is ready for filing, to wait a year before filing it? Of course not. Yet, this is the practical result of failing to inform him of the advantages of early filing in the U.S.”*

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**Introduction:**

With respect to patent strategy, patent attorneys best advise their clients by suggesting that they start their patent filing in the jurisdiction of the most commercial importance to them, whether due to the market the country represents, because of the presence of competitors or potential licensee.<sup>2</sup> The practice of merely filing locally without any

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<sup>2</sup> Where such a choice is permitted under national law, discussed *infra*.

justification other than tradition often fails to serve the client's best interests. Why? Because failing to do so may cause commercial damage to the client.

This article will show that the client's U.S. patent rights are likely the most flexible and powerful tools for monetizing a client's invention, particularly where a potential licensee or infringer resides in the U.S. To fail to communicate these important advantages to the client is the strategic equivalent to a chess instructor failing to tell his student that the queen is allowed to move in all directions as far as the way is clear. In other words, failing to communicate these advantages typically results in an up to one year loss in priority for the U.S. application. Winning at the game of Intellectual Property is difficult enough without being handicapped by ignorance of the rules of the game. The game is global now and clients expect to be informed of the basic rules of international patent strategy.

Yes, for companies whose markets are local, and whose inventions have no licensing value in the U.S., advising the client to file a patent application locally is certainly legitimate. But then, how many clients would admit that their inventions fall into this category? For globally-minded clients and for clients whose inventions may have a significant market in the U.S., the patent attorney should advise his clients to file in the United States first or at least concurrently with or immediately after a local filing. Why? If they do not file early in the U.S., a client can lose significant rights because with each passing day that the U.S. filing is delayed, more prior art can be cited against their U.S. application. We'll explain this in more detail below. Besides this, the United States has a developed patent system (more than 200 years old) which, in many ways, has helped shape the laws of many other industrialized nations. This developed patent system helps reduce unknown factors which increase the risks of litigation. Still further, the United States remains a dominant force in international commerce and if a client is forced (because of budget constraints for example) to choose one

single *national* patent to have in his portfolio, most clients choose a U.S. patent.<sup>3</sup> Here is a listing of the ten most compelling reasons for starting first in the U.S.

1. First and most important: To better ensure the client obtains the broadest possible U.S. patent. Filing in the U.S. first allows the applicant to jump back in time one year in defining the prior art against which the client's U.S. patent application will be judged. In other words, filing early in the U.S. is necessary in order to take advantage of the grace period of one year prior to the filing of your client's first U.S. application to exclude the applicant's own as well as third party prior art. Here's why: Title 35 U.S.C. section 102(b), states the following:

**35 U.S.C. 102 Conditions for patentability; novelty and loss of right to patent.**

A person shall be entitled to a patent unless -

.... (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, ***more than one year prior to the date of the application for patent in the United States...***

Consequently, although the priority filing date is the date that determines prior art for a European patent, and in fact most national or regional patents, for a U.S. patent, prior art is defined one year before the earliest filing ***in the U.S.***<sup>4</sup> Yes, although the practice of “swearing behind” using the client's non-U.S. priority filing helps to a limited extent because the client can claim inventorship at least back to his priority filing date (only available for WTO-member countries), this allows him to go back in time only to his priority filing date, not one

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<sup>3</sup> Companies and institutions that, from the public record, do this include: IBM, Logitech, the University of Geneva, HUG, the EPFL, and many large Swiss chemical and pharma companies, for example.

<sup>4</sup> When it comes to issues in U.S. patent law dealing with proof of inventorship, which is a unique characteristic of U.S. patent law vis-à-vis other countries, the equal treatment provisions of the Paris Convention does not apply.

year earlier than his priority filing date, as he would have been able to do if the client had filed first in the U.S. Consequently, if the client chooses to file anywhere but the U.S. first, he's choosing to put himself at a disadvantage vis-à-vis other patent filers who have a 102(b) filing date in the U.S. which is earlier than the client's priority filing date. That, in almost all cases, would be a strategic mistake that the rational client, if fully informed, would never expect to make but for his ignorance of the rules. The first priority of the client-oriented patent attorney is to ensure that his client makes decisions based on current law and rules, in order to avoid such mistakes.

One may fairly ask, why does filing in the U.S. first offer this very significant advantage? Because the U.S. is a *first-to-invent* country (not a *first-to-file* country) and the filing of a U.S. application is the best proof of date of invention. Further, by the provision of a grace period of one year, the client receives the benefit of the *de facto* assumption that it took a year to develop the invention from its date of conception, prior to filing in the U.S. ***Consequently, if the client files first in the U.S., the U.S. patent examiner can assert less prior art against him, and therefore, the client's U.S. patent claims can be broader than elsewhere in the world.*** In addition, if a third party competitor wishes to defeat the client's U.S. patent, the competitor must find prior art that is one year older than they would otherwise have to find if the client's first filing was a non-U.S. filing. Alternatively (the downside), the client, if trying to defeat a U.S. patent held by a third party, must find prior art that is *one year older* in order to defeat a competitor's earliest U.S. filing date.

2. Fortunately, the European Patent Office and the patent offices of essentially all industrialized nations of the world consider a U.S. patent filing a valid priority filing for their

own purposes, thereby serving to reserve rights in that country as of the U.S. priority filing date. Of course, the Paris Convention requirement that the regular filing be made within one year of the first filing still applies. In other words, a Swiss resident filing a U.S. patent application first and later (within one year) a European patent application, can claim priority to the U.S. patent application and thereby fully preserve his rights in Europe, just as if the client had filed in Europe or his home country first. It should be noted, however, that where the applicant is a French resident, France might not consider a first U.S. filing by such an applicant as a valid filing because of French national law requiring that residents of France file first in France for national security purposes<sup>5</sup> Fortunately, essentially all other industrialized nations allow their residents to choose where to file first.

3. U.S. patent applications can be filed in any language. Only six month or perhaps a year or more later (within six months of receiving an official notice to do so) must the application be translated into English. This means that the client applicant can gain the above advantage by filing a U.S. provisional patent application concurrently with an early local filing, for a cost of an additional perhaps 500 Euros over the costs of filing in the foreign country only. Further, for those practitioners or clients that wish to file a PCT application in a language other than English, filing a priority U.S. filing (in any language) is essentially the only way for the client to avoid the detriment of filing a non-English PCT application with respect to the client's U.S. patent rights. Where the client chooses to file a non-English language PCT application, the English translation of the PCT need not be filed in the US until at least several months after the filing date of a non-English U.S. continuation application of the PCT, some 36 months after priority. In this way, the practitioner may be able to justify continuing to work in a non-

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<sup>5</sup> However, this requirement is considered by many invalid under GATT TRIPS

English language in a manner that does not potentially damage the client's interests in the U.S. (subject of course to meeting the other requirements mentioned in, for example, point 6 of this article).

4. The filing fee for a U.S. provisional application is \$210, significantly lower than the filing fee in most other industrialized countries. For individuals or companies having less than 500 employees, the official filing costs and most future official fees are reduced by 50% (so, \$105 for a U.S. provisional filing).

5. Monetizing a patent is much easier in the U.S. than in other countries because the legal system allows clients with valuable patent rights to negotiate a contingent fee agreement with even the largest law firms. Depending on the perceived value of the patent, these firms will not charge for their time or expenses, unless and until they win the case and damage award is granted. In Europe, most countries (with the possible exception of the United Kingdom) do not allow lawyers to accept contingent fees, and so the client must pay his lawyer by the hour in Europe no matter how strong his case is. Large companies know this and so sometimes appear to ignore the European patent rights of others until a suit is actually filed. Because of the advantages that a U.S. patent offers in this regard, many large European research institutions and universities often file for patent protection only in the U.S. for certain technologies.

6. The U.S. has the most stringent filing requirements in terms of best mode, enabling disclosure, completeness of the drawings, as well as the U.S. duty to disclose.<sup>6</sup> Filing first in the U.S. using a firm familiar with these filing requirements ensures that the patent application filed internationally will have fewer troubles during global prosecution (i.e., during substantive review by examiners in national or regional patent offices). Failure to respect these requirements will result in the U.S. part of any PCT filing being invalid.<sup>7</sup>

7. Because the United States represents the largest domestic market for a broad range of products and services as well as the likelihood that if any patent of the client's portfolio is litigated, it will likely be litigated in the U.S., it is arguably the most important single market for the client. In fact, based on anecdotal observations of the author, including discussions with Jeremy Lack, an international attorney experienced in IP mediation with Altenburger Attorneys in Zürich, the U.S. patent can represent half or perhaps 70% of the value of the client's entire patent portfolio. Further, the size of the U.S. market and the fact that a single patent covers this market means that, on a *per capita* consumer basis, the United States is by far the least expensive jurisdiction in which to obtain patent protection.<sup>8</sup> A U.S. patent typically costs one half that of a European patent, for example. Further, renewal fees are only due every 3.5 years, not yearly as in Europe. This means that if the U.S. market is most

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<sup>6</sup> See Title 35 U.S.C. §112, First and Second Paragraphs for requirements for support ("best mode") and enabling disclosure, and 37 C.F.R. §1.83(a) for drawing requirements ("drawing in a nonprovisional application must show every feature of the invention specified in the claims"). The "best mode" requirement is a safeguard against the desire on the part of some people to obtain patent protection without making a full disclosure as required by the statute. The requirement does not permit inventors to disclose only what they know to be their second-best embodiment, while retaining the best for themselves. *In re Nelson*, 280 F.2d 172, 126 USPQ 242 (CCPA 1960). The duty to disclose (a.k.a. "duty of candor") is a statutory obligation that seeks to ensure that stiff penalties may be assessed against those who willfully withhold known prior art in hopes that the patent examiner will not find it and thus accord the client a broader (albeit invalid) patent.

<sup>7</sup> PCT requirements deal primarily with formal matters. Therefore, the PCT examiner is not charged with reviewing an application to determine whether it meets U.S. standards. Consequently, the Applicant is solely responsible to ensure that such requirements are met.

<sup>8</sup> The licensing value of a U.S. patent is therefore likely much greater than any other national patent.

important to the client, and the client later decides not to file anywhere but in the U.S., starting there makes perfect sense and is the least cost alternative, preserving all options for the client.

8. English is the language of Computer Science, Information Technology, Business and Law, and the native language of many industrialized nations around the world, such as the United States, the United Kingdom, India, Ireland, Australia, Canada, New Zealand, and Singapore. Further, Japan and Switzerland permit filing in English, subject to the submission of a translation at a later date. In addition, Germany, Switzerland, France, Benelux, the UK and Ireland can be protected via a later English-language European patent application, without further translation costs, thanks to the London Agreement.<sup>9</sup> Therefore, a patent application drafted in English first can go forward in many important jurisdictions without translation and is likely to not suffer from losses in meaning due to translation in these important regions.

9. An early U.S. filing date means that the client's application won't be rejected by the U.S. patent office under §102(b) or (e) of the U.S. Patent Law, when another party's U.S. patent application has published during the prosecution of the client's application, even though the non-U.S. priority filing date is earlier than the client's U.S. filing date. Conversely, if the client's priority filing is a U.S. filing, then the publication of the client's application creates §102(e) prior art against competitors.<sup>10</sup>

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<sup>9</sup> See <http://www.epo.org/topics/issues/london-agreement.html> for further information.

<sup>10</sup> See *Supra*.

10. Provided the client does not file any foreign applications and requests non-publication of the U.S. application at the time of filing, his U.S. application is kept secret and never published by the U.S. patent office, until it is granted. Therefore, the client need not relinquish trade secret protection until he is convinced that the patent protection obtained will protect him more effectively than merely keeping the technology secret. This is simply not possible if a European, Japanese, Chinese or Korean patent is filed.

**Exceptions:**

Despite the above-enumerated advantages of filing in the United States first, as already mentioned, for companies whose markets are local, and whose inventions have no licensing value in the U.S., advising the client to file a patent application locally remains legitimate. Further, due to national security laws, French residents must file in French, in France first, using a French patent attorney. Where the invention is known to be a state secret, German residents must file in Germany first.<sup>11</sup> In most other countries (including Switzerland), clients are free to file first wherever they choose first.

In addition, when publication or disclosure is imminent, and the inventor is not an English speaker, preparing an application in his mother tongue (say German) and filing in the most convenient location using an available local patent practitioner in order to obtain the earliest filing date may mean that filing first or on the same day in the United States is not

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<sup>11</sup> German state secrets are defined as facts and knowledge accessible to a limited number of people whose revelation would damage the external security of the German nation“ §93 Nr. 1 Strafgesetzbuch (StGB)(Ger.), *translated in* Joseph J. Darby, *The Penal Code of the Federal Republic of Germany* 118 (1987). Therefore, this covers almost all military-related inventions the details of which are known by only a few.

possible. Fortunately, if the U.S. application is filed soon thereafter, most of the advantage of early filing in the U.S. can be preserved.

Finally, if the client would like to receive a U.S. patent quickly, the filing of a U.S. provisional patent application (which is not reviewed substantively until a regular application is filed) can delay the ultimate issuance of the patent. Therefore, this may be a factor in the client's decision not to file a U.S. provisional application. In this case, the client should file a regular U.S. application as soon as possible or file a U.S. provisional along with a regular local application, paying the search fees and any fees for accelerated review, in order to get an early search report.

### **Conclusions:**

If the client wishes to maximize the potential scope of protection he can obtain for his invention as well as its licensing value, and the client is not a resident of France, the client should be advised to file a patent application in the U.S. first or at least concurrently with or soon after a priority national or regional filing. If the patent application covers a commercially valuable and patentable technology with applications in the United States, then ignoring these advantages will almost certainly result in commercial loss to the client. Because most European clients rely on European patent attorneys for such strategic information, the author hopes that the European patent bar will do its part in educating the client of these important particularities of U.S. law. If this is done, the typical client will be able to augment the value of his patent portfolio while keeping related costs to a minimum.