Patents

Patents are granted for inventions. Patent protection is potentially available for any invention in all fields of technology, whether it is a process or a product. Patent rights award the owner an exclusive right to stop others from using, making, selling or importing the invention for a period of twenty years. The patent itself is a form of document which describes the invention in detail and identifies the precise scope of the exclusivity. The aim of the patent system is to encourage economic and technological developments. In return for the protection, the applicants must sufficiently disclose their invention so others can understand how it works.

An invention will be considered patentable if it:

1. is **new**. An invention is new or novel if it does not form part of the state of the art. That means that the invention must never have been made, carried out or used before anywhere in the world. If the invention has previously been made available to the public, it would **not** be considered novel in patent law and thus not eligible for patent protection;
2. involves an **inventive step**. If the invention is novel, the next step to consider is whether it is obvious. The invention is not obvious if it requires an inventive step. The inventive step test examines whether an ordinary-skilled person in the relevant technical field would have been able to come up with the invention based on the prior art without an inventive step;
3. is capable of **industrial application**. The third criterion of patentability is that the invention can be made or used in any kind of industry. This criterion excludes an invention which is, for
example, contrary to the laws of physics as it involves something which is impossible to make and use (such as a perpetual motion machine); and

4. does not fall solely under the excluded categories. The UK Patent Act lists the categories that cannot be patented: discoveries, scientific theories or mathematical methods; literary, dramatic musical, artistic works or any other aesthetic creations; schemes, rules or methods for performing mental acts, playing a game or doing business, or a program for a computer and the presentation for information. Patent law also excludes inventions which encourage offensive, immoral or anti-social behaviour; methods of treatment; and plant and animal varieties.

Tips to consider in patent protection:

- The application for patent protection can be daunting. It is best to hire a patent attorney to assist in the process of obtaining a patent. With specific technical backgrounds, patent attorneys are invaluable to properly describe the invention and draft the claims.
- Bear in mind that a patent does not grant a right to use the invention. In particular, it is still possible to infringe other patents when exploiting a patent which you own. Also, placing the product on the market is often subject to meeting safety, health and other requirements.
- Before submitting a patent application keep your invention a secret: disclosing the nature of the invention destroys its novelty. Using Non-Disclosure Agreements - also known as confidentiality agreements - whenever the invention is disclosed to a third party, for example to a possible investor, is extremely important.
- File a patent application as early as possible. Once the application is filed, the United Kingdom Intellectual Property Office grants a filing date. After that, the invention can be disclosed without destroying its novelty and later developments will not be considered in the assessment of the invention.

Advantages of obtaining patent protection:

1. The rights provided by a patent offer a twenty-year monopoly period which prevents others from commercially exploiting the invention without the authorisation of the owner. It is a right to stop third parties from making, using, selling, importing and even keeping the patented product (or using the patented process) without the consent of the owner. The patent grant offers a formal, registered right which makes it easier to litigate and prove infringement.
2. In order to establish that a patent has been infringed, it is not necessary to show that any copying occurred. Even if someone independently develops the same invention without knowing about an existing patent, exploiting that invention would still infringe the rights of the patent proprietor.
3. A patent is a property right. Besides personal commercial exploitation, it can be assigned, licensed or even mortgaged. Patents are considered highly valuable to a business and can attract investors.

4. Patent rights are territorial, but the applicant can choose to apply for patent protection in jurisdictions all over the world. There is no worldwide patent available for inventions, but the World Intellectual Property Organisation allows the possibility to apply for patent protection in multiple countries in a streamlined fashion, starting with a single application. The European Patent Office examines European patent applications which, if granted, can be converted into national patents in any European countries.

Disadvantages of patents:

1. When the twenty-year protection expires the invention becomes public property. It can then be freely made or used by anyone.

2. Obtaining a patent is a lengthy and costly procedure. Expenses range from upfront expenses of filing a patent application and commissioning a patent attorney to the annual maintenance fee of the patent. Obtaining a patent usually takes three to four years from the filing of the application.

3. While simply owning a patent can be a useful deterrent to competitors, taking infringement action against a competitor can be very expensive and complex.

4. Patents right are territorial and patent laws vary from country to country. Filing a patent in the UK only grants rights within the UK. Due to the high administration and translation costs, protection elsewhere in the world can be very expensive.

Trade Secrets

A trade secret is secret information which has commercial value to a business. Common examples of trade secrets include customer lists, chemical formulas, manufacturing processes, business plans, inventions, ideas, concepts, “know-how” about methods of doing business or carrying out a process or other details about customers, suppliers and markets. A key tenet of trade secrets is that there is no public disclosure of the asset. Trade secrets in the UK are primarily protected through case law under the law of confidence. A good example for a trade secret would be Coca-Cola’s secret formula which is locked in a vault. Since it has not been patented, it has never been revealed. The New York Times Bestseller list is an example of a process trade secret.
Information will be considered a trade secret if it:

- is secret – in the sense that it is not (as a body or in the precise configuration and assembly of its components) generally known among, or readily accessible to, persons within the circles that normally deal with this kind of information;
- has commercial value because it is secret; and
- has been subject to reasonable steps (under the circumstances) to keep it secret by the person lawfully in control of the information.

A new EU Trade Secrets Directive was implemented in the UK in 2018 to harmonise the protection of trade secrets in all member states. Businesses must be able to demonstrate that they have taken reasonable steps to protect the secret if they wish to rely upon specific rights and remedies under the Directive. There remains some uncertainty how “reasonable steps” will be interpreted, however, there are actions that businesses should take to protect valuable confidential information.

Tips to protect confidential information:

- Consider whether to introduce confidentiality and usage provisions with clients.
- For key collaborative projects, enter into Non-Disclosure Agreements (NDAs) and ensure that their terms are suitable for the scope of the particular project.
- Develop and implement procedures for marking, segregating and storing trade secrets. This could include new IT procedures to ensure that the information is encrypted, or that warnings appear before the information is sent externally.
- Designate a team who will have overall responsibility for the protection of trade secrets and keep a record of who has access to confidential information.
- Provide training to employees and/or suppliers who are most likely to access confidential information.

Advantages of trade secrets:

1. Can cover any type of design, information, or other knowledge, which is particularly useful for assets that cannot otherwise be protectable with other intellectual property forms. For example trade secrets may be used when an invention does not meet the strict patentability requirements set out above.
2. Can present a competitive advantage that may be difficult to reverse engineer or reproduce by competitors unless competitors discover the trade secret and use it commercially. Patents require full disclosure in exchange for the limited monopoly protection that they afford. However, there is no disclosure requirement for trade secrets.

3. Generally easy and inexpensive to create. Trade secrets require no formal registration or approval process with a regulatory entity, which is common for copyrights, trademarks, and patents.

4. They are protected for an unlimited period of time unless they are discovered or legally acquired by others and disclosed to the public.

Disadvantages of trade secrets:

1. Nothing prevents someone from independently deriving the same or similar design for an invention protected with a trade secret. This means that someone can develop the same or similar competing products.

2. They require diligent attention to the administration in order to show that reasonable steps have been taken to keep it secret. This may mean the enforcement of non-compete agreements and NDAs, the marking of documents, limiting information access, and consistent enforcement.

3. They receive less formal protection in the way that a patent, copyright, or a trade mark does. The jurisdiction for a trade secret lawsuit will generally vary by the state where a company transacts its business and any governing law clauses in trade secret owner agreements.
So which way to go?

<table>
<thead>
<tr>
<th>Patents</th>
<th>Trade Secrets</th>
</tr>
</thead>
<tbody>
<tr>
<td>cost/formality/time of registration</td>
<td>low cost, no registration</td>
</tr>
<tr>
<td>20 year - fixed term</td>
<td>unlimited but uncertain duration</td>
</tr>
<tr>
<td>requires disclosure</td>
<td>secrecy, no disclosure</td>
</tr>
<tr>
<td>strict requirements to obtain</td>
<td>a wider range of protection, less strict requirements to qualify</td>
</tr>
<tr>
<td>provides exclusivity</td>
<td>reverse engineer/independent creation</td>
</tr>
<tr>
<td>may be easier to license/assign</td>
<td>may be difficult to license/assign</td>
</tr>
</tbody>
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