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Questions and Answers

about trademark law,
design rights, patent law
and agreements

NLO
EUROPEAN PATENT AND
TRADEMARK ATTORNEYS

www.nlo.eu

General introduction

In an industry that revolves around innovation and knowledge, Intellectual Property Rights are of great importance to an organisation. Protecting your Intellectual Property (IP) is a complex process that requires attention. A smart IP strategy can save costs and bring you financial benefits. When it comes to strategic decisions regarding your IP portfolio, you want advice from a variety of perspectives.

Together, NLO and NLO Shieldmark form one of the largest full-service European IP consultancy agencies. Our team consists of specialists in patents, trademarks, designs and agreements.

By bundling our knowledge, we can offer you complete advice. Since 1888, we have protected and strengthened thousands of ideas, innovations, models and brands. Our clients vary in size and operate in diverse markets.

Are you looking for a reliable, and highly experienced and motivated partner? Contact one of our advisors. We're happy to help.

We have offices in the Netherlands: The Hague, Amsterdam, Ede, Eindhoven, Belgium: Ghent, Mechelen and in Germany: Munich. For more information, visit www.nlo.eu.

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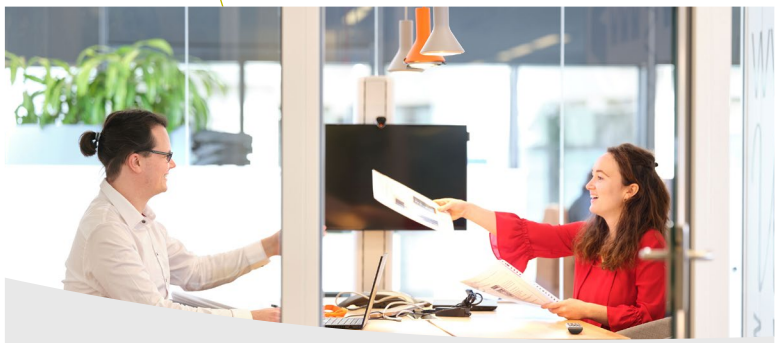


1 Trademark law

You have developed a trademark and are now wondering what you should do to protect it. Or you have already registered a trademark, and now you want to protect it in other countries as well. Can you use your trademark risk free, for example? Regardless, you want to find out more about trademark law.

QUESTION 1
What is a trademark?

A trademark distinguishes a company's products and/or services from those of another company. A trademark can be anything: words, character or number combinations, logos, packaging and the shape of a product. Some examples of trademarks are: NIKE, NUTRICIA, NLO's logo. Under certain circumstances, colours (such as T-Mobilemagenta), colour combinations, melodies, sounds and shapes (such as the shape of a Coca Cola bottle) can be protected as a trademark.

Trademarks are therefore used to distinguish products and services. A trademark identifies the origin of the goods and/or services. A word trademark may not be purely descriptive. Some of the trademarks which the courts considered to be highly descriptive are 'Biomild' (for dairy products) and 'Doublemint' (for chewing gum). A single colour is almost never immediately accepted as a trademark. The same goes for shapes. For reasons of general interest, certain shapes, such as dishwasher tablets and BIC lighters, were not registered as trademarks.

Trademarks that consist of fantasy names, revealing nothing about the destination or quality, the type or other features of the goods and/or services, comply best with the distinctiveness requirements. Combining a word with figurative elements, using colours or otherwise, is another way to ensure that a trademark meets the distinctiveness requirements. In some cases, a trademark which was initially believed to be non-distinctive can nonetheless be registered after being intensively used for a number of years. There must be some degree of acquired distinctiveness. Acquired distinctiveness means that the public perceives the brand as an indication of origin.

QUESTION 2
How do I protect a trademark?

To protect a trademark, it has to be registered in the official trademark register. You may submit a trademark registration in any country. But you can also obtain the same trademark right in different countries by filing one application.

Here are some possibilities:

- The Benelux countries.
- The European Union, where registration offers protection in all member states (the EU trademark).
- A so-called international registration at WIPO. This allows you to get protection in many countries worldwide, such as Japan, the United States and China.

The best registration option for you and your trademark also depends on the countries in which you operate. After consultation with you, our advisors will draft and file your application and monitor the further procedure.

QUESTION 3
Why should I register a trademark?

Trademark law states that the right to a trademark follows from registration. A trademark registration gives the holder an exclusive right to a trademark, the trademark registration is published in the trademark register. This register is public and may be accessed by all, which means that people must also take your trademark registration into account. Your trademark may consequently come to light during an availability search.

QUESTION 4
What does the registration procedure involve?

The procedure starts by filing an application for trademark registration with the selected official authority. To this end, NLO Shieldmark provides the following information on your behalf:

- The name of the trademark owner: the trademark owner must be a natural or a legal person;
- The address of the trademark owner;
- When it concerns a logo: a good-quality image;
- A description of the goods and/or services for which the trademark owner wishes to use the trademark (the classification, see text box).

The official authority will then assess the application. This will include verifying whether all the necessary details are included and whether the description and classification of the goods and services are acceptable. The official authority will subsequently decide whether the trademark qualifies for registration.

The criteria for this differ from country to country. In general, a trademark is assessed on the following:

- It must be distinctive;
- It should not be descriptive;
- It should not mislead the public.
- It should not be contrary to public morality or public order.

If a trademark does not meet one of these criteria, it will be rejected. You may appeal against this rejection. If the ground for rejection is lifted, the application will be published. This publication aims to inform others about the application. If anyone objects to the registration of your trademark, they may file an opposition (objection) with the official authority. Trademark registration in the register concerned depends on the outcome of the opposition proceeding. A trademark registration is usually valid for ten years; renewal is possible for periods of ten years at a time. In order to maintain that right, you must use the trademark.

In most countries, the trademark right can be invoked after the trademark has been registered. During the filing and registration procedure, you may inform third parties about your right, but you cannot yet enforce a ban on use. In most countries, you may invoke the priority of the first application of your trademark. You will then be protected with retrospective effect

Classification

In order to ensure the accessibility of the register, goods and services have been categorised into classes. There are 45 classes. Based on the goods and/or services reported by you, we will determine the class or classes for which your registration must be requested. In doing so, we bear in mind the fact that the description of the goods and/or services cannot be supplemented once the application has been filed.
Example: If the trademark involves games, then the description would not only include board games, but also computer games and organising games. The list of goods and/or services can be limited at all times. This usually happens to solve a conflict.

as from the date on which you filed your first application. However, you will need to submit the subsequent applications within six months of the date of your first application. After that, it is still possible to extend your trademark to other countries, but no longer with retention of the first application date.

QUESTION 5
What does a trademark registration cost?

NLO Shieldmark applies fixed rates for trademark registration. This avoids any unpleasant surprises. The costs of a trademark application depend on which country or country group is chosen and in how many categories a trademark is registered. A Benelux trademark application can start from around €650 and an EU application from around €1,600 for a 10-year registration. Please contact us for customisation.

These rates include all activities performed to register your trademark, such as the preparation and if necessary translation of the description of the goods and/or services, the filing of the application, verifying and sending the proof of registration and monitoring the expiry date in our renewal database.

Additional costs might be incurred if your trademark is provisionally denied and you wish to set up a defence, or if you ask us to handle an opposition or objection on your behalf. As the above costs are merely an indication, please contact us for a cost specification.

QUESTION 6
How do I know whether a trademark already exists?

To find out whether there are any registrations which will interfere with your trademark, we can conduct availability searches to see prior trademark registrations. This search will reveal identical and similar trademarks that have been registered for similar products and/or services. You may also choose to exclusively investigate identical trademarks, in which case the result will merely indicate the availability of a trademark, because similar and non-identical trademarks will not be revealed. Together, we will decide on the most efficient investigation.

QUESTION 7
My trademark has been registered, so what's next?

The fact that your trademark is registered does not mean it will be protected forever. As the trademark holder, it is your duty to use the trademark for the goods and/or services involved. If you fail to use the trademark for a longer period of time, you may no longer be entitled to it.

Please contact our advisors in the following cases:

- Your trademark has changed slightly.
- The goods and/or services which you offer under your trademark have been changed or expanded.
- The trademark owner's name or address has changed;
- You wish to license your trademark to someone else.
- You export products to countries other than those in which your trademark is registered.

On request, our advisors will study your portfolio together with you to check that you are still appropriately protected.

QUESTION 8
What do I do if others infringe my trademark right?

If anyone infringes your trademark right, then together we will find a solution. First, we will send the infringer a notice seeking to negotiate. If that fails, further legal action may be taken. In many countries you may already object during the trademark registration procedure. This is the so-called opposition proceeding. Please see the next question in this respect.

In order to proceed on time, we advise you to:

- Take out our watch subscription, which means we will contact you the moment similar trademarks are submitted for registration for the same type of goods and/or services.
- Keep a close eye on the market and engage us at the earliest possible opportunity.

What do these commonly used symbols mean?

What do the common symbols ℗, ©, ® and ™ mean?

℗ is often used to indicate that a registered design is involved.This is also indicated using 'filed design' or 'registered design'.

© is used to indicate that copyright is claimed.

® is used to indicate that a registered trademark is involved; the trademark owner warns parties that through registration they have obtained the exclusive right to the trademark. Use this symbol only if you have a registered trademark in the country concerned.

™ usually indicates that a request to register a trademark has been submitted. In countries where using a trademark leads to a limited right, this symbol refers to this right. This is the case in the United States, for example.

QUESTION 9
What is an opposition proceeding and how can I use it?

In many countries you may object already during the trademark registration procedure. This is called the opposition proceeding. The official authority involved will decide whether the objection is justified. Objecting to a trademark that is similar to yours and which has been filed for similar goods and/or services at this stage could be advantageous. In order to find out about new applications in good time, it is a good idea to identify applications for new trademark registrations as soon as possible. To this end, you could take out our watch subscription.

You can request us to monitor your trademark. This means that we draw your attention to new trademark applications that resemble your trademark and which have been requested for the same goods and/or services. In your name, we can then file an opposition on time or contact the trademark holder to see if we can find an amicable solution together. Our watch subscriptions start at approximately € 170 annually.

QUESTION 10
How can I protect my trademark on the internet?

When registering a trademark you would be wise to directly check the online availability of your trademark. Where possible, also register it as a domain name immediately. With domain names, it is a matter of 'first come, first served'. Anyone can register a random domain name.

Have you experienced any misuse of your trademark online? For instance, has someone else claimed your trademark as a domain name? In such circumstances, we can provide support and if necessary instigate arbitration proceedings at the World Intellectual Property Organization (WIPO) in order to transfer or remove the infringing domain name. Your trademark could be used to influence the search results of search engines, e.g. by means of Google AdWords. Whether this is permitted depends on the circumstances. Is your trademark being used in social media without your consent? The possibilities to abuse your trademark on the Internet are constantly changing. As are the opportunities to act against this abuse. We will be happy to advise you in such cases.

2 Designs

You have developed a product, devoting great attention to the design. You wonder what steps you need to take to protect this design. Or perhaps you have already registered a design, and now you want to protect it in other countries as well. Can you use that design without any risks, for example? Anyway, if you want to find out more about the backgrounds of design rights.

QUESTION 1
What is a design?

A design is about appearance. According to the law, design is the 'appearance of a product or part thereof' where product is taken to mean 'any item manufactured industrially or traditionally.' The appearance is largely determined by features such as lines, outline, colours, shape, texture and materials of the product or its decoration. Examples include toys, tools, packaging, (domestic) appliances, furniture, clothing, fabric designs, etc. Less widely known is the fact that fonts, graphic symbols, interiors and logos can also be considered designs. Features of designs which only have a technical function are not protected by design rights.

QUESTION 2
How do I protect a design?

A design registration is the best way to qualify for protection. You may apply for design registration in each country. By filing one application, you can also obtain a right in different countries.

Examples include:

- The Benelux countries.
- The European Union, where registration offers protection in all member states (the EU model).
- A so-called international registration, where you can single out those countries in which you seek protection.

QUESTION 3
What requirements must a design meet?

A design must be novel

That means the design is not yet known to the public. In some countries, designs will also be considered novel if they are published or shown to third parties within one year prior to the date on which protection was requested. To determine the novelty of both the Benelux and EU designs, it is important to know whether the designs involved have come to the attention of insiders in the relevant sector within the region that consists of the European Economic Area (European Union, Norway, Iceland and Liechtenstein).

A design must have its own character

That means that the general impression which the design has made on the informed user is unlike the general impression which the user has of existing, publicly available designs. Who the 'informed user' is often depends on the circumstances of the case. The design must visibly deviate from existing designs. What matters here is the designer's freedom while developing the design. In this process, the designer must bear in mind the functional requirements of a product, which may limit his creativity. This can vary according to the branch of industry in question.

QUESTION 4
What does the registration procedure involve?

The application must be carefully prepared before it can be submitted. Applying for design registration is subject to the following requirements:

- The name of the proprietor;
- The proprietor may be a natural person (e.g. the designer) or a company;
- The street address of the proprietor;
- One or more images of the design in the form of drawings or photos. It is very important that the features of the design are prominent in these images. In the event of a conflict, the design will be compared using these images.

Once the administrative and payment requirements have been met, the design will be registered. Usually, a design registration is valid for five years and may be extended four times by a period of five years. The maximum protection is thus 25 years. After registration, the design will be published in a publication of the official authority. The proprietor will generally only be entitled to take measures against infringers after registration and publication.

What is a multiple application?

It is possible to include several designs in one application for registration. The advantage of a multiple application is that after the first design, a discount rate will apply to the subsequent designs.
In the European Union, a multiple filing may include an unlimited number of designs, provided all the designs fall into the same category. For example, different musical instruments may be included in one application, but watches and jewellery may not be combined in the same application.

QUESTION 5
How much does it cost to register a design?

Costs depend on several factors, like the country or country group of your choice, the number of designs, supply of suitable images of the design by you or drawings or pictures made by us that meet the requirements. A design registration in the European Union starts at € 1.500 for a five-year registration. Please contact NLO Shieldmark for a specific cost estimate.

QUESTION 6
How do I know whether a design already exists?

During the registration procedure, there will be no official investigation into previous registrations of conflicting designs. However, it is possible to screen the design registers to find out whether any previous design registrations exist. Current applications for registration cannot be reviewed as these are not public. An investigation can be performed using an image of the design in question. An investigation into design trademark registrations in the name of a particular proprietor can also be performed.

QUESTION 7
What do I do if others infringe my design rights?

If anyone infringes your design right, then we will find a solution together. First, we will send the infringer a notice seeking to negotiate. If these efforts do not pay off, legal proceedings can be instigated. In order to proceed on time, we advise you to keep a close eye on the market and engage us at the earliest possible opportunity.

QUESTION 8
How do I expand my protection?

Time is of the essence. After the first application for registration, for example in the Benelux countries or in the European Union, a priority right will follow. In most countries, it is possible to invoke the priority right of the first application of your design. You will then be protected with retrospective effect as from the date on which you filed your first application. However, you will need to file any subsequent applications within six months following the filing date of your first application. After this six-month period, a valid application will no longer be possible in many countries, as the design involved is no longer considered to be new.

QUESTION 9
I am a designer and I need someone to manufacture my design. What should I bear in mind?

The safest way is to register the design in your name before you introduce it to third parties. Bearing the novelty requirement in mind (see question number 3), during the application for registration of an EU design you will have one year to find a manufacturer before you decide to register the design. Precautionary measures during these twelve months can be the following:

- Have a declaration of confidentiality signed (we can draw this up for you).
- Have a date stamp affixed (e.g. by a civil-law notary) on an image of the design.

QUESTION 10
What is the connection between design rights and copyright?

In some cases a product is not only protected by means of the design rights, but also by the copyright. This only applies if the product is seen as a "work" within the meaning of copyright and meets the requirements, namely: is it the author's own intellectual creation?

The copyright follows automatically upon creation. But until a judge pronounces judgement, it is uncertain whether this right prevails. It should therefore not be taken for granted that a product is protected by copyright. The advantage of a design is that it is registered and published in an official register.

3 Patent law

You are considering filing a patent application for protecting your invention. Perhaps you want to buy a patent from a company or university or you want to know more about protecting your invention and patent law. You may have these or more questions about patents, for example, about strategic decision on what to patent when and where, and about the steps to be followed for a designed strategy. Regardless, below you will find details about the backgrounds of patent law.

QUESTION 1
What is a patent?

A patent is an exclusive right intended to protect a new product, method or technology. A patent allows the inventor (patent owner) to benefit from his invention and prevents it from being copied by competitors. Patents are issued by the government and allow the patent owner to take legal measures against companies trying to copy the patented invention. Competitors can thus be kept at a distance. The government issues patents in order to promote technological developments. When investing in new technology, companies bear a risk, spending time and financial resources. Having a patent means that competitors may not use the patented new technology and benefit for free from the patent holder's investment. In this way, a patent helps to manage the risks and reward the efforts of companies that invest in new technology. The government issues patents for a limited time. The patent expires after a maximum of twenty years (sometimes less), whereafter anyone may apply the technology involved. Under exceptional circumstances, patent lifespan for pharmaceuticals and pesticides may be extended by a maximum of five years.

QUESTION 2
Which inventions are patentable?

Patents are not issued for every invention. Inventions must be of a technical nature. For example, random ideas, discoveries, theories (e.g. mathematical or scientific theories), data presentations, managerial methods or methods for mental labour cannot be patented. Furthermore, inventions must be new, inventive and industrially applicable in order to be patented.

'Novelty': the invention was not known prior to the filing date of the patent application, anywhere in the world, in any form (lecture, article, trade fair presentation, website, brochure). The information revealed by the inventor himself before filing a patent application may also affect the novelty of an invention. Thus patent applications must always be filed before the invention is presented. Once an invention has been disclosed, it can no longer be protected in most countries of the world.

Note: in some countries such as the United States of America, Brazil, South Korea, Japan, Australia and New Zealand, a patent can still be applied for up to one year after a self-publication or any other public disclosure by the inventor (the grace period).

'Inventiveness': the invention is not obvious to experts. This is a subjective concept. In patent granting procedures, the question whether an invention is inventive frequently leads to discussions between the inventor and the patent granting authority. An unexpected or unpredictable result is usually considered an argument for inventiveness.

'Industrially applicable': the invention must have a useful result. In daily practice, this requirement hardly ever presents a problem.

One of the main requirements for filing a patent application is that the invention must be new. On the Internet, there are a number of websites which allow you to search patent databases to find out what inventions already exist.

Several links are available on our website (www.nlo.eu). You may search on keywords in titles or patent abstracts, or on the name of the patent owner, the inventor, the publication number or date. We recommend the following websites:

- nl.espacenet.com and/or www.wipo.int/pctdb/en/ for European and international applications (PCT patent applications).
- www.uspto.gov for US patent applications.

This search could also be carried out for you by an expert of NLO's dedicated search experts team.

Is it possible to protect a concept or idea?

In principle, ideas and concepts cannot be patent protected. The details of the idea or concept, however, can be protected by means of the trademark right, design rights, patent right or copyright. Upon disclosing an idea or concept for example in the context of business relations, upfront signing a confidentiality agreement is recommended before starting for example licensing negotiations. This confidentiality agreement will support ensuring secrecy, for example when introducing an idea or concept to a manufacturer. It aims to secure that such manufacturer may not use that idea or concept without the inventor's permission. NLO can draw up a confidentiality agreement for you, if so desired.

QUESTION 3
What does a patent look like?

A patent is a text describing the invention concerned. In this text, the inventor clearly explains for which invention he requests protection. The text has a front page stating the patent holder's details, the filing date of the patent application and the inventor's full name. This is followed by a description of the invention itself, including the advantages of the invention as compared to then current technological situation.

A patent usually includes drawings and graphs in order to illustrate the invention. The so-called *claims* are at the end of the text. These describe the aspects of the invention for which protection has been requested or ultimately already acquired.

A patent does not need to contain all the details of the invention, but experts should be able to reproduce the invention using the information provided in your patent application. There are two reasons for this.

1. you need to comply with the patent system. You will obtain the right to forbid others from doing something for a long period (20 or 25 years in some cases), but you will be obliged to share your knowledge with society. This knowledge is used as a source of inspiration for further technological innovation.
2. the patent right is an exclusive right against third parties (e.g. competitors), so they must know what they are not allowed to do. This is only possible if the patent clearly describes what is protected. If the invention is not described in a way that others can understand and copy it, a patent may even be nullified.

QUESTION 4
Why should I patent my invention?

Filing a patent application and following the patent granting procedure is an investment in time and financial resources. Upon filing the patent application, it is important to develop a strategy with scenarios that optimise the chance you will be able to recover these investments one way or another.

Strengthening your market and competitive position: holding a patent means you are an innovative party. Buyers and competitors know you are developing new technology. Holding a patent means that you have the exclusive right to your invention for a certain period of time and in a particular country or countries. Nobody else may manufacture, sell or use the patented product without your permission and you can stop imports and exports. Furthermore, no one may use the patented method without your permission. You can therefore use your patent to improve your market position.

Strengthening your negotiating position: applying for a patent may strengthen your negotiating position. This can for example be helpful if, as a small(er) party or big company, you need to bargain with a(nother) large company. For example, by agreeing a cross licence you may also access the counterparty's technology.

Strengthening your financial position: you can license your patent right. This allows others to manufacture, sell and/or use the patented products, or apply the patented method in exchange for a license fee. If you do not wish to avail of the patent yourself, you can also sell it in its entirety.

For each invention you wish to use and/or sell, you should verify in advance whether any third party patents exist that might get in the way. In consultation with you, our advisors can perform a *Freedom to Operate* analysis to identify the risks.

Good reasons for applying for a patent:

- improve your competitive position
- improve your negotiating position (through a cross licence)
- generate income: licence, sale
- positive image to the outside world, for investors
- recoup the investments in technology: use the invention yourself

QUESTION 5
Is a patent application the best way to achieve my goal?

I want to use the invention myself.

If your primary goal is to use the invention yourself and you are not interested in stopping third parties from using it, then perhaps there is no real need to file a patent application. In consultation with you, one of our advisors can conduct the Freedom to Operate investigation to determine whether you can use your invention without infringing third parties' patents. This investigation must be conducted on a regular basis in order to identify the relevance of recently published patent applications. In this situation, we recommend assessing whether publishing your invention as a defensive measure could be beneficial, to create *prior art* and therewith keep others from applying for a patent relating to your technology and invention.

I want to protect an invention from copying, or I want to sell an invention.

If you are planning on achieving at least one of the above goals, then filing a patent application is probably one of your best options. And don't forget that your invention can be given additional protection by applying for a trademark, design or other IP rights. NLO's advisors will help you determine the most efficient protection strategy. If the patent attorney decides that your invention is not (yet) sufficiently developed to qualify for a patent, we advise you to keep your invention secret for the time being.

QUESTION 6
How does the patent granting procedure proceed in practice?

A patent attorney will help you with the administrative and legal steps for obtaining a patent. All you have to do is provide the invention! Most patent granting procedures in which NLO is involved start after filing a Dutch, European or PCT (priority) patent application. Within a period of twelve months after the first patent application, the *priority year*, a new European or PCT application can be filed based on the first patent application. The filing strategy you choose to follow and the countries in which you apply for a patent also depend on the commercial value of your invention and where your clients and/or competitors are located. For example, a Dutch inventor might proceed as follows:

a. Protect the product by filing a Dutch patent application.
b. Protect the product outside the Netherlands as well. The invention seems to have market potential in many countries. Therefore, an international patent application (PCT) is filed within 12 months of submitting the Dutch patent application.
c. If, within thirty months following commencement in the Netherlands, the product (for example) proves interesting for the European and US markets, procedures can be started in Europe and the United States based on the international patent application. The diagram on page 22 shows some of the possible routes. The diagram also gives an indication of the costs for the various procedure components. Costs for submitting a patent application are specified hereafter.
d. If the patent application is granted in Europe, it is possible to obtain a single patent for 17 EU countries together (status as of 1 June 2023) of the total of 39 countries that are members of the European Patent Convention, which can be enforced in all 17 countries together: European patent with *unitary effect* (*Unitary Patent*). In the other countries, after granting, a procedure must be followed individually per selected country in order for the granted patent to take effect.

Throughout the patent filing and granting procedures, the patent attorney will be happy to advise you on the best strategy, depending on your situation.

QUESTION 7
How do I apply for a patent in the Netherlands?

A Dutch patent application is filed at the NL Patent Office, part of the Netherlands Enterprise Agency in The Hague. The government imposes stringent demands on the contents of patent applications. Patent applications must clearly explain to the reader of the patent (the skilled person) how the invention can be used. The text used must be clear. NLO's patent attorneys will help you prepare the patent application.

After submitting the patent application, the government will initiate a novelty search. Your invention will be compared to similar inventions described in earlier filed patents and (scientific) literature. The results of this novelty search will be collected in the *search report*. You will be sent this report, including an initial opinion on the patentability of the invention, approximately nine months after submitting the patent application. The patent attorney will analyse this report for you.

The patent application may be amended after receipt of the search report. The text may be changed, but no new information may be added. The Dutch government will not interfere with the contents of the patent text. Together with your patent attorney, it is your responsibility to formulate the application appropriately. The Dutch procedure will end - providing that all requirements have been met - after the patent has been granted. Dutch patents are granted eighteen months after the filing date. A regular Dutch grant procedure will grant you a patent that will remain valid for a maximum of twenty years.

QUESTION 8
How do I apply for a patent outside the Netherlands?

Holding a Dutch patent means your invention is protected in the Netherlands. In order to apply for a patent in other countries, you will need to submit your application in the countries concerned. After filing a first application (*priority application*) in the Netherlands (or elsewhere), you will have twelve months to decide in which other countries you would like to apply for patent protection. All subsequent patent applications submitted within this year will have the same filing date as the original priority application. This is called the 'priority year'. As you have a whole year to consider matters, you will be able to continue investigating the commercial value of your invention before spending further financial resources on subsequent patent applications. The search report and opinion on patentability which you receive in the priority year should give you a first idea of the chance that the patent will be granted. Taking the time to analyse this report in detail with your patent attorney is therefore vitally important. Besides the different procedures in each country, patent granting procedures based on international patent treaties have been developed whereby a single application might entitle you to rights in several countries. A well-known example is the European patent application.

European patent application

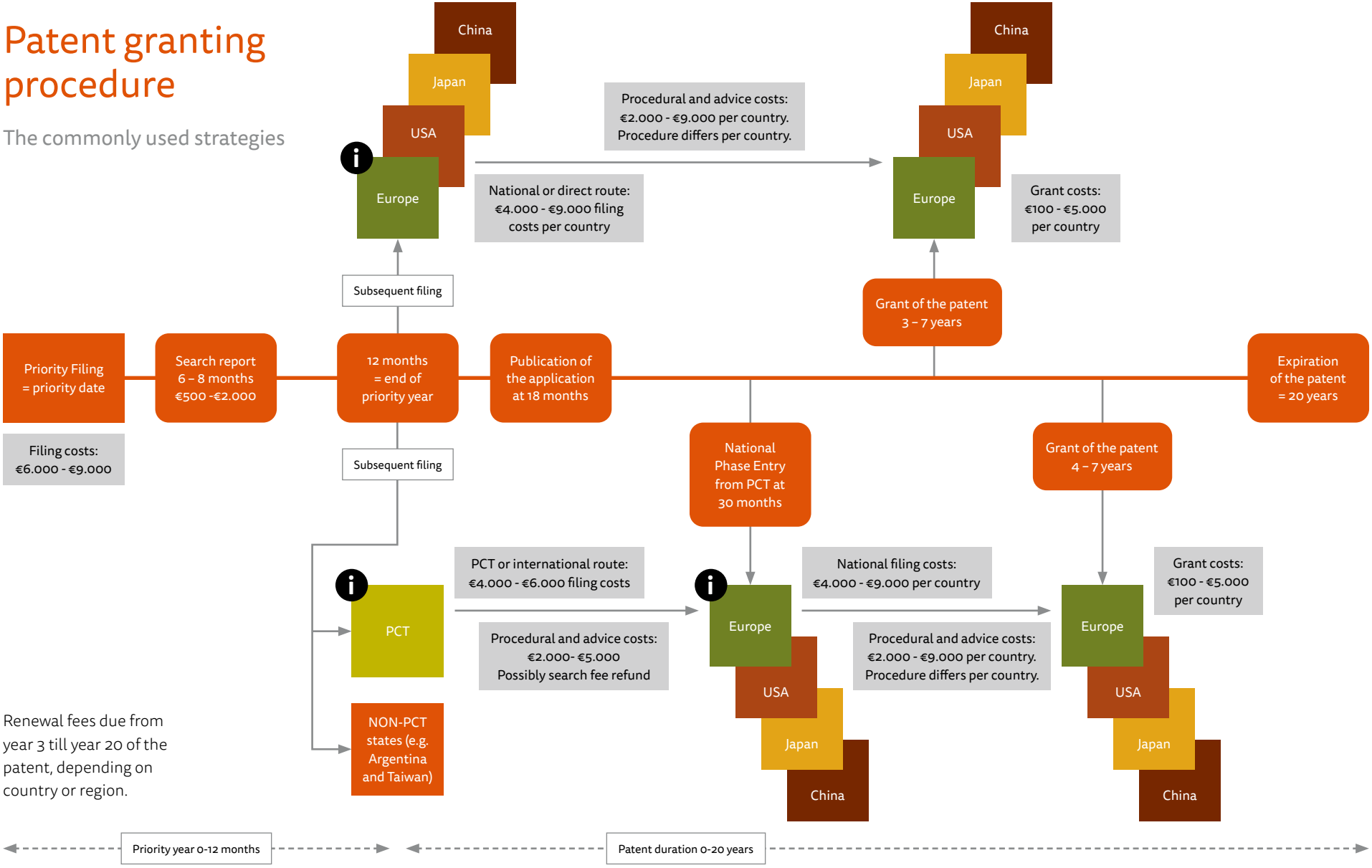
With a European patent application, you can apply for a patent in over 37 European countries. This includes all countries of the European Union and also, for example, Great Britain, Switzerland and Turkey. European patent applications are filed at the European Patent Office (EPO) in Rijswijk the Netherlands, Munich or Berlin (Germany).

The contents of a European patent application may be the same as that of a Dutch patent application (which can be filed in English). The requirements that the application should meet are similar to those in the Netherlands. European patent applications may be filed in Dutch but must also be translated into French, German or English.

After submitting the European patent application, the European Patent Office will initiate a novelty search, similar to that in the Netherlands. The applicant and the European Patent Office will then liaise in order to reach an agreement on the final patent text. Your patent attorney will advise you at each step, depending on your strategy. For example, do you wish to obtain the patent fast or do you need to save time given your R&D- and/or business strategy? After a European patent has been granted, there are two options.

Patent granting procedure

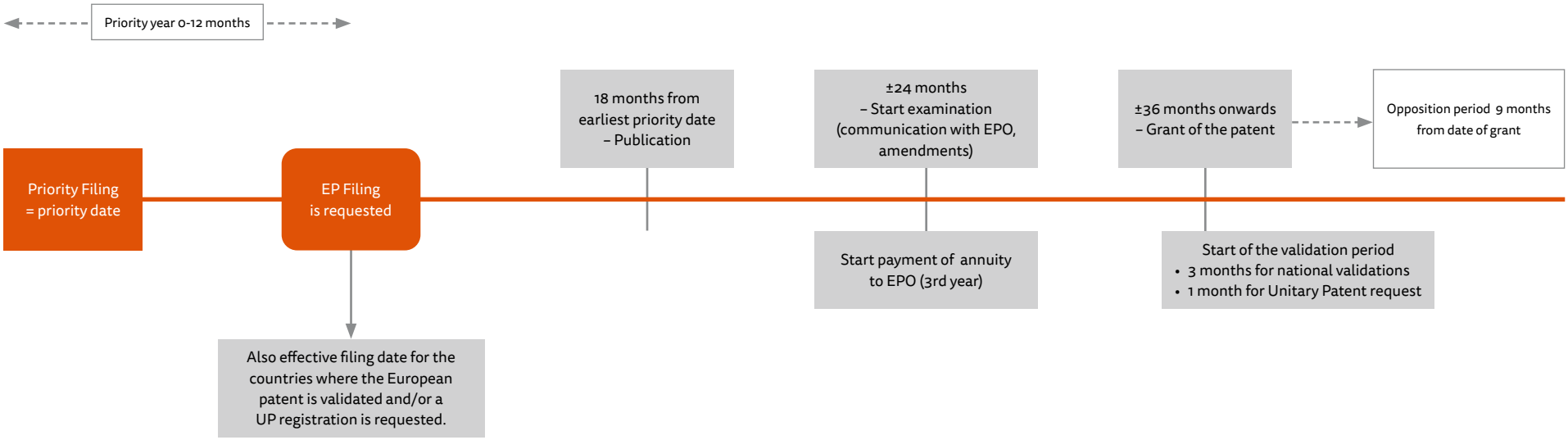
The commonly used strategies



Renewal fees due from year 3 till year 20 of the patent, depending on country or region.

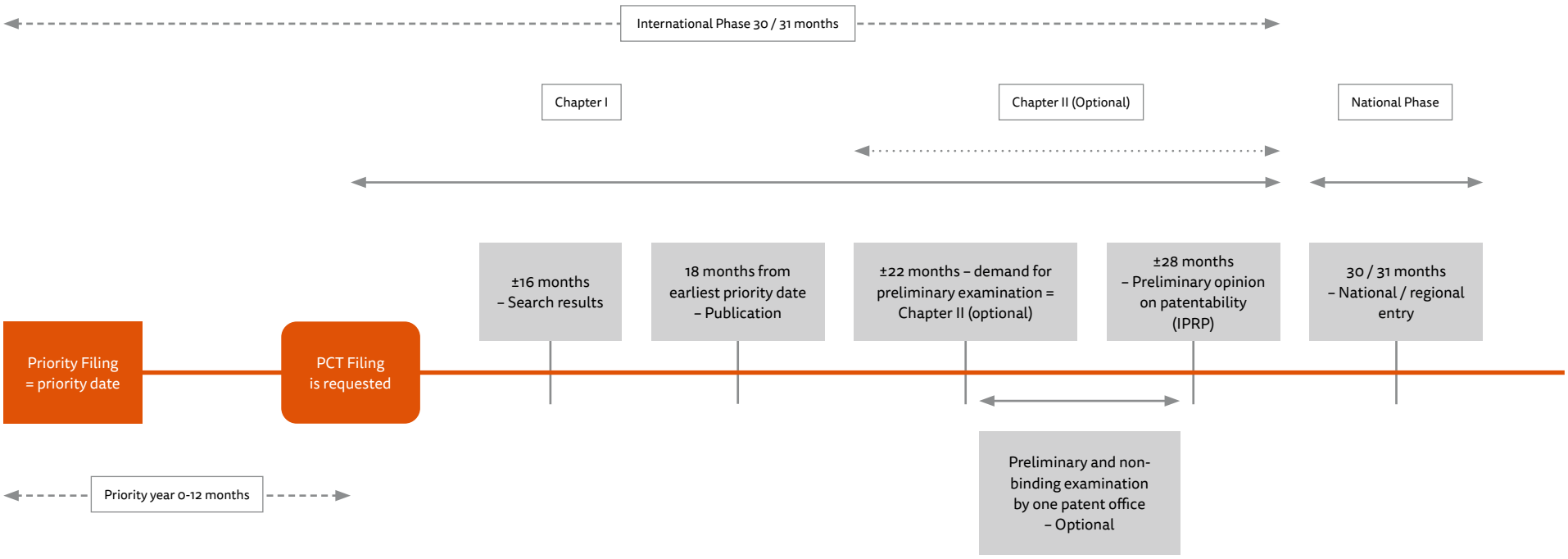
EP

The regional and national phase



PCT

The international phase



1. The European patent is divided into a bundle of national patents ("European bundle patent"). For each national patent, the national patent law of the selected country will prevail. If the European Patent Office grants you a patent, you will need to decide in which countries you actually want your patent to be in force. Depending on your chosen countries, the patent text may have to be translated into the languages of these countries. Costs for such translations can be substantive, dependent on the specific country. It is therefore advisable to bear in mind the translation costs that will be incurred at the end of the European patent application procedure. Fortunately, the obligation to translate the text no longer applies in all European countries. If you need to choose between individual patent applications in a number of European countries and one European patent application, the rule of thumb is that costs for the European patent application will be lower if you are interested in protecting your patent in at least three countries.
2. Since 1 June 2023, as an alternative or in addition to the European bundle patent, it is possible to apply for a single patent with unitary effect for your granted European patent for most countries of the European Union together, which will be effective in the countries of the European Union that have signed up to the Unitary Patent Convention. This is also known as the Unitary Patent.

International patent applications (PCT)

When filing a patent application, it is often difficult to establish the commercial value of an invention in the different countries. Even during the priority year, it may still be difficult to choose the countries where you would like to apply for patent protection. A patent granting procedure may involve relatively high costs. But, if patent applications are not filed, you could miss out on substantial income. In these cases, a PCT patent application provides a solution. Filing one PCT application is equivalent to submitting a patent application in all the countries that have signed the Patent Cooperation Treaty. Currently, these are over 150 countries including most of the industrialised countries including the European countries, the United States, India, Japan, Canada, Australia, Brazil, China, Indonesia and South Korea.

There are a number of PCT authorities in the world where PCT applications can be filed, including the NL Patent Office and the European Patent Office (EPO). The PCT authority conducts a novelty search and draws up a novelty report. It then gives its opinion about the novelty and inventive character of the invention. You will have the opportunity to change the claims and/or send your arguments to the PCT authority to attempt to ensure that your invention is deemed to meet the criteria of novelty and inventiveness. Unlike the European patent granting procedure, the PCT procedure does not end by granting the patent, but rather by publishing a report about the patentability of the invention, the International Preliminary Report on Patentability (IPRP).

However, you only need to select the countries where you wish to apply for patent protecting your invention within 30 months of the start of the procedure. By the time you start selecting those countries, the IPRP will have provided you with a clear indication whether it is sensible to continue with the procedure. One significant advantage of a PCT application is that initially, i.e. during the first 30 months, you can keep costs low. After that, costs can increase considerably, depending, among other things, on the number of selected countries in which you want to apply for patent protection, but by then the commercial value of the invention is usually much more apparent than at the beginning of the procedure.

QUESTION 9
What is a Unitary Patent?

As indicated under question 8, a European bundle patent is a bundle of national patents. A Unitary Patent is one exclusive right to an invention in the participating EU member states. With the Unitary Patent, thanks to the central granting as a single patent, it applies that:

- After this is granted, there will be one right that is valid in the majority of EU member states.
- When it is granted, a single translation will suffice, and such that an English version is always available.
- The maintenance fees are paid centrally. Unitary patent disputes (infringement, validity, ownership) can be settled before one specialist Court of Justice (*Unified Patent Court*) across the European Union. The patent granting procedure, by the European Patent Office, will not change, but after the patent has been granted, matters will be much clearer for the patent holder and also for the public.

To keep up to date on the latest developments concerning the Unitary patent, please visit The UP and the UPC | NLO.

QUESTION 10
How much does a patent application cost?

Drafting a patent application requires customization. The complexity of the invention and the scope of the application determine the costs involved. The costs of the patent granting procedure very much depend on whether the patent granting authority has any objections to the patent application. In addition, costs are strongly related to the number of countries in which patent protection is desired. Despite these uncertainties, it is possible to give a number of indications. Distinguishing the following cost items is useful:

- **Drafting and filing the patent application, including the cost of having the responsible authority prepare a novelty report:** this can cost anywhere between € 7.000 and € 16.000. Preparing a patent application for complicated subjects (e.g. pharma, biotechnological and software inventions) can well be several thousands of Euros higher.
- **Granting procedure:** at the end of the priority period, if protection is required in other countries as well, one or several follow-up applications must be filed. This can be done using the PCT application (filing and procedural costs are approximately € 6.000 - € 12.000) or directly through national and/ or regional patent applications (costs are approximately € 5.000 - € 10.000 per country/region). In the patent granting phase, matters are usually discussed with the Examiner to decide on whether the patent application can be granted. The advisory costs involved very much depend on the scope of the discussion, but are estimated at € 2.000 to € 8.000 per country/region.
- **Translations:** while following the different international procedures, the patent application will have to be translated for some countries. The average translation costs are approximately € 1.500 - € 20,000 (depending on the number of pages).
- **Maintenance fees:** after a number of years, maintenance fees will be charged annually. The average annual costs for such *renewal fees* are between € 100 and € 1.500 per country. Costs will usually rise during the patent lifespan.

Or perhaps you have invented something but before you apply for a patent, you wish to explore the market and present your invention to third parties. Given the novelty requirement set by patent law, disclosing the invention under the strictest confidentiality is vital. This means a good confidentiality agreement is required. A customised confidentiality agreement is also indispensable for transferring your intellectual property rights. In short, you need a better picture of the possible options for preparing and assessing agreements.

4 Agreements

Agreements play a significant role in business transactions. Experience shows that it is best to record agreements, even if the parties trust each other completely. Say you own a patent, trademark, design and/or a copyrighted work and you wish to reach agreements with other parties about how they may use it. In that case, it is very important to have a good licence agreement.

QUESTION 1
What is an agreement?

An agreement interpreted, based on the Dutch Civil Code: It is important to remember that an agreement means that both parties have undertaken commitments towards each other, and that both parties have accepted these commitments, the so-called consensus. An agreement comes about after one party makes an offer which is accepted by the other party. Usually parties will sign a document, although an oral agreement may also be considered an agreement. In the Netherlands, the term 'freedom of contract' also exists, meaning that in principle, both parties may determine the shape and contents of the agreement.

QUESTION 2
What types of agreements are available for Intellectual Property?

Different types of agreements exist. Such as (sub)licence agreements, settlement agreements, confidentiality agreements, transfer agreements, joint venture agreements, franchise agreements and R&D agreements.

Each agreement has its own peculiarities and specific legal pitfalls. NLO Shieldmark prepares the agreements mentioned above for patents, trademarks, designs, copyright, trade names and various IP-related subjects. Because these advisors are experienced in these fields, they know the pitfalls of all the different agreements. NLO Shieldmark also assesses existing (draft) agreements to ensure that clients are well prepared when dealing with potential contract partners.

QUESTION 3
Are there any standard agreements and is it possible for me to draw up an agreement myself?

There is no such thing as a standard agreement. This is because of the freedom of contracts and the many different provisions which can be included in one agreement. Obviously, there are a number of recurring issues, but the context itself can be quite different. Recurring issues:

- The parties involved in the agreement and their legal representatives.
- The subject of the agreement, i.e. what the agreement covers. If it concerns a licence, then the agreement must specify what the licence is being granted for. In the case of a transfer, the subject of the transfer must be described.
- The duration of the agreement.
- The termination options.
- The financial agreements, insofar as applicable.
- The applicable law and court authorised to rule in the event of a conflict.

Also, our advisors are often engaged after the client has drawn up the (initial) commercial agreements and the contract has to be drafted based on these agreements. It is not wise to prepare an agreement yourself.

This requires specific legal expertise. When preparing agreements, it is important to use the right statutory and legal terms. No part of the agreement may contradict any of the other parts and no elements may be left uncovered.

QUESTION 4
Does an agreement have to be registered with the official authorities?

The legal validity of an IP agreement does not require registration with an official authority. However, it is often wise to do so in order to inform third parties about the existence of the agreement. If rights are being transferred, the change must be recorded in the registers of the official authorities. NLO Shieldmark can help you with this matter too.

QUESTION 5
What is a licence agreement?

If you do not wish to commercialise your patented invention, copyrighted work or registered trademark and/or design yourself, and if you intend to engage third parties, a licence agreement is your best option. While retaining your property rights, you give others permission to manufacture, use and/or commercialise your invention, work, trademark and/ or design under your terms. You agree that you will not invoke your rights against third parties and that, according to the conditions laid down in the agreement, these third parties will be entitled to make (limited) use of your invention, work, trademark and/or design. There is often mention of exclusive, non-exclusive and sole licence agreements.

Although 'exclusive', 'non-exclusive' and 'sole' are not legal terms, in our field of expertise they mean the following:

- Exclusive: the licensee is the only person (also with the exception of the patent or trademark proprietor, for example) who is entitled to use the patent, trademark, design, work, etc.
- Non-exclusive: the licensor is free to grant other licences and they may also use the patent, trademark, design, work, etc. himself.
- Sole: the licensee is the only licensee, however the licensor may continue to use the patent, trademark, design, work, etc.

QUESTION 6
How are royalties and other licence fees determined?

The parties involved must decide on the amount of royalties or other fees as well as how these should be calculated. There are various options, such as a royalty percentage of the gross turnover or net profit, or a fixed amount for each product, kilo, metre or cubic metre sold. For percentages, parties may also apply graduated scales, while indexation is vital for fixed amounts. Fixed amounts (disclosure fee, signing-on fee and upfront fee), reclaimable or otherwise, are also often mentioned in the agreement. Our advisors have extensive experience when it comes to determining fees and how these are calculated.

QUESTION 7
What is a transfer agreement?

If, for whatever reason, you wish to transfer your patent, trademark, design or copyrights, you may sell or in some cases, waive these rights. To do so, a written agreement is required at all times. In case of a transfer, parties must clearly state which rights are to be transferred including the amounts involved. A waiver or a deed of transfer, for example, should clearly state who is waiving what.

QUESTION 8
What is a confidentiality agreement?

You may first wish to explore the market potential for your invention. In patent law, there is an absolute novelty requirement and you want to prevent someone else from making off with your idea. It is good to know that you can use a non-disclosure statement or non-disclosure agreement. A declaration of confidentiality is a brief declaration in which the party receiving the information undertakes in advance to maintain secrecy. Unlike the declaration of confidentiality, a confidentiality agreement is a slightly more detailed document. It usually contains specific stipulations for both parties. Incidentally, licence, transfer and R&D agreements usually include confidentiality clauses as well.

QUESTION 9
What is a settlement agreement?

If you unexpectedly find yourself in a (legal) conflict, it is usually best to reach a settlement rather than instigate proceedings. Of course, in some cases starting legal proceedings cannot be avoided, but a settlement is usually preferable. NLO Shieldmark will advise and assist you throughout the procedure, which may entail preparing a settlement agreement if a settlement is reached. Or if the other party has already drawn up a draft agreement, then you need to have it examined carefully.

Settlement agreements should include the following:

- What a party may and may not do.
- What a party must and must not do.

QUESTION 10
How much does it cost to draw up an agreement?

NLO Shieldmark advisors charge by the hour. The costs therefore depend on the amount of work involved. Activities vary from a quick scan of an existing agreement to the full preparation of a complicated agreement. On request, the advisors will estimate the number of hours required, to give you an idea of the costs you may expect.

NLO patent attorneys are regulated by Netherlands Institute of Patent Attorneys, EPI and IPReg. **www.nlo.eu**

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