

# Patents

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Swiftly developing technology has always been an integral part of a growing economy. As one of the main engines of progress, innovation deserves to be legally protected. By the said protection further technology progress is encouraged. Such protection is secured by patents, which constitute a fundamental part of the intellectual property (IP) domain in most countries. Ukraine is no exception.

In terms of patent protection Ukraine joined a number of international treaties, including the *Paris Convention for the Protection of Industrial Property (1883)*, *Patent Cooperation Treaty (1970)*, *Patent Law Treaty (2000)*, *Strasbourg Agreement Concerning the International Patent Classification (1971)*, *Agreement on Trade Related Aspects of Intellectual Property Rights (1994)*, *Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1977)*. In turn, the *Civil Code of Ukraine*, *On Protection of Inventions and Utility Models Act of Ukraine*, *On Protection of Industrial Designs Act of Ukraine* and a number of acts by the Ministry of Education and Science of Ukraine secure domestic regulation of patents. In general, Ukrainian legislation on patents complies with international standards in this field.

The lifecycle of every patent may be divided into the following stages: (i) development of the technology, (ii) filing and prosecution of a patent application, (iii) patent enforcement that may include (iv) patent litigation. Issues of patent prosecution, enforcement and litigation that patent applicants/holders and IP professionals face in Ukraine are described below.

## Patent Prosecution

The filing and processing of patent applications are regulated by the *On Protection of Inventions and Utility Models Act of Ukraine*, *On Protection of Industrial Designs Act of Ukraine* and the relevant rules issued by the Ministry of Education and Science of Ukraine. The procedure may vary depending on the object filed for registration, in view of which patents for inventions, utility models and industrial designs are issued in different ways and have their own specific peculiarities within the registration process. However, the following common prosecution stages can be mentioned: (i) drafting and filing the application; (ii) examination of the application by the State Department for Intellectual Property (the Patent Office); (iii) application related decision by the Patent Office; (iv) appeal to the Appellate Chamber of the Patent Office (optional, in case of negative application related decision).

The examination stage is probably the most important one within the registration procedure as inventions are verified for compliance with criteria for patentability threat. Thus, the said stage is directly concerned to the patent quality that should be highlighted.

Ask anyone in the world of patents to name their top three issues and you can be sure that the importance of quality will



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be mentioned. Patent quality is an elusive term that seems to mean different things to different people depending on their relationship to the patent system. There is no denying, however, that it strongly affects patent holders worldwide and, inter alia, in Ukraine.

Put simply, patent quality is the degree of compliance of a patent with effective legislation and, inter alia, with the legal criteria for patentability. Patent quality has very little to do with the invention itself, but everything to do with how an invention is defined in the patent. The patent description should be a complete and clear description of the inventor's contribution to the state of the art, including a set of claims that covers the invention — and only the invention. In general, the quality of a patent can be measured by how often patents are cited as prior art in other patents and applications. Furthermore, the amount of prior art cited in a patent is also a good indication of its quality. In light of the above, a quality patent should cover an invention that is meaningful; creates commercial advantage; has well-written claims, maximizing the coverage; and has been filed and prosecuted correctly.

Unfortunately, a lot of weak patents appear in Ukraine at present. This is due to a number of reasons, including: (i) the absence of an examination requirement for utility model and industrial design applications; (ii) registration of patents for special purposes (e.g. defensive patent covering an infringing activity, formal patent required by government

bodies within product registration proceedings, etc.); (iii) occasional lack of efficiency of the Patent Office. The indicated weak patents are most often used by transgressors to defend their infringing activities, though in most cases such patents can be successfully challenged in court.

## Patent Enforcement

Under effective Ukrainian law a patent holder is entitled to enforce his patent via the following means: (i) to use an innovation under the patent; (ii) to exclusively allow such use; (iii) to exclusively prevent/prohibit such use. Within the said powers a patent holder can use the protected technology in his own business, can enter into agreements to transfer or license patent rights to other persons and, of course, can litigate to protect his patent.

Ukrainian patent holders can no longer afford to simply file away their patents and wait for transgressors to appear. Maximizing the value of patents requires careful planning and continual diligence. Companies wishing to remain competitive need to develop effective patent enforcement strategies that may involve, inter alia, licensing, litigation or a combination of both. In any licensing programme, the readiness to litigate is an extremely important element. Thus, the considerations for each category are not mutually exclusive and must be considered together in devising a sound enforcement plan.

Licensing is often viewed as a compromise because it requires the patent holder to share intellectual property. However, it can also lead to significant market expansion and generate new sources of revenue for the patent holder.

Because licensing reflects a compromise, the patent holder must cede some value of the patented technology to the licensee. However, where the patented technology is within the patentee's core business, sharing technology with competitors may be counter-productive. Licensing may cause the loss of some level of control over the method of exploitation of the patented technology. A poor licensee may not exploit the full potential of the technology or, worse, may tarnish the reputation of the technology. Non-exclusive licenses, a thorough background investigation of the licensee and licensing provisions for quality control can reduce but never eliminate those risks.

## Patent Litigation

Successful patent enforcement strategies do not exclude the possibility of patent litigation. Of all the types of litigation, patent litigation is usually considered to be among the most challenging. The combination of complex patent laws and complicated technologies requiring specific knowledge poses a serious challenge for patent holders and IP professionals.

Current Ukrainian legislation provides for the possibility to protect patent rights in courts. In case patent rights have been violated, a patent holder may terminate an infringement through court and recover damages incurred. In addition, patent cancellation actions are often initiated to protect the rights from infringing patents.

In contrast to licensing, patent litigation may be viewed as an uncompromising approach to patent enforcement or the result of a failed compromise. In court the patent holder seeks to recover the entire value (or more) of his patented technology and maintain exclusive control. However, patent litigation is a formidable weapon that, in the wrong hands or under the wrong circumstances, can destroy those who initiate it, leaving the intended target unscathed.

In many respects, the benefits of litigation represent the inverse of the risks of licensing. Litigation provides the op-

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portunity to ensure that competitors are excluded from practicing the patented invention and it gives competitors notice that patent rights will be enforced vigorously, reducing the risk of future infringement. Litigation also provides for greater certainty with respect to putting an end to a competitor's infringing activity. There is probably no better way to show seriousness in patent enforcement than by initiating litigation.

The aforesaid three aspects of patents are obviously extremely integrated and, as described above, do affect each other. Thus, a successful patent holder should always consider them jointly and never let them walk alone.