



## MENDEZ+CORTES IP News

### TRICKS AND TIPS FOR YOUR PATENTS

When it comes to protecting your patents in the market, it is all about quality. Jose Juan Méndez and Emmanuel G. Cortés, of Méndez + Cortés present a beginners guide to good patent practice in Mexico and further afield.

Undoubtedly, a patent portfolio is the best investment that a company can make and it takes time and money to achieve this important goal. However, in order to guarantee a return of profits and increase your competitiveness in the market, you will need a strategic plan.

The first step is to identify which patent assets represent a real value and which patent assets only generate a maintenance cost.

In order to determine which patents represent a real value, you need to focus on the following aspects:

#### 1. THE QUALITY OF THE INVENTION

A patent exists because you have spent time and money in finding a solution (or in finding a better solution) to solve a problem related to your business. If your company owns a patent it is because you are aware of the benefits of having found a solution to a problem with a particular invention and therefore you have decided to protect it.

If your patents are in business, you should perform some market research in order to determine how well positioned your patents are in commerce. There is no value in an invention if it does not generate success in market.

Another issue is the relationship between the life of the patent and the life of the invention in the market. Technology is advancing faster than ever before – new inventions are being developed and launched daily and this can make it difficult for your patent to survive in the market.

Once you have developed a worthwhile idea, your competitors will try to take advantage of it, either by finding ways to innovate over your invention or by finding ways to exploit the invention without the risk of being sued.

In order to avoid losing the advantage, always conduct prior 'art and trade' searches in order to verify what your competitors are doing. This will give you the opportunity to evaluate your assets, innovate in accordance with the market needs, and protect your innovations with new patents or with infringement actions against unfair competition.

Remember that your innovations are the most valuable asset that your company may have. If your company bases its business in inventions, you are going to be a target for your competitors. Therefore, always protect your inventions by maintaining confidentiality during the development stages, and protecting your inventions with patents as soon as possible.

In Mexico, our patent legal system is based under a first to file basis, which allows any third party (including your employees, distributors, suppliers, etc.) to steal your ideas when they are in progress, resulting in a long and expensive litigation process.

If your patents represent an important source of profit for your business, protect them in order to give them their correct value in market as this is the only way to keep the competitive edge and prevent unauthorized use by others.

When your patents are close to losing their advantage in the market, is the time to substitute them with new inventions, repeating the same steps as before.

#### 2. THE QUALITY OF YOUR PROTECTION

In Mexico, a patent is an exclusive right which is granted by the state to the owner for 20 years. This gives you the exclusivity to exploit your invention in the market and prevent others from making, using or selling your invention during the patent's life.

Not all inventions are able to mature into patents, they need to be:

- New;
- The result of an inventive activity; and
- Useful in an industrial application.

Once you have conducted all the necessary searches\* to determine that your invention is able to mature into a patent, you need to focus on the documents which are required to protect it.

The quality of the invention then needs to be secured by the drafting of a patent application.

Your patent title is the sword which defends your inventions. If your patent title does not reflect what you have invented, you probably have a useless patent. Even more concerning, you could have an extraordinary invention but by failing to comply with the legal formalities, may not be able to secure legal protection for it.

In Mexico, the most common errors in drafting a patent are:

- The specifications and claims do not cover all aspects of the invention.
- The claims have been narrowed in such way that they are easily overcome by inventive competitors.
- The specifications are not clear and do not permit some one skilled in the art to understand the invention.
- The claims are so general that prior art easily invalidates the patent.
- The invention does not have industrial applicability since there are other easier ways to obtain the benefits of the invention.

If your business is local to Mexico, your patent team should be familiar with the law, the technical issues and the criteria of the Mexican authorities in order to secure the correct protection for your invention. If your business is global, you need to understand that different countries pursue different legal principles and rules in connection with the interpretation of patent claims.

In view of the above, you need to focus the drafting of the patent and claims in accordance with the rules that prevail in these national offices. Ask your overseas agent about the specifications of your patent and if it is necessary, amend the claims in accordance with local practice.

**“Your patent title is the sword which defends your inventions. If your patent title does not reflect what you have invented, you probably have a useless patent.”**

Your patent protection should correlate to your business purposes. The patent rights are limited to the claims granted. Thus, your claims shall represent the value of your

patent and their coverage shall give you the security to defend your inventions.

Enforcing your patent rights is expensive. If you do not have a robust protection in your patent, you will probably lose the litigation case and maybe even the patent rights.

It is true that some useless patents generate profits and are used as “scarecrows” against unfair competitors. The problem is when the patent faces litigation or is subject to due diligence by third parties.

You need to be sure that your patents give you the opportunity to act freely in business, without the risk of being sued by others. This fact depends on the quality of the protection you have and the research you have done in order to determine the patentability of your invention.

If you are not sure about the strengths and/or weaknesses of your patent, conduct your own due diligence. This will allow you to determine which patents represent real value and which ones are too weak to launch actions. Once you have determined the weakness in your patents, you will have the opportunity to avoid such mistakes in your future filings, thereby consolidating a profitable patent portfolio.

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#### 3. THE QUALITY OF THE EXPLOITATION

Once you have your patent, you need to be sure that you are exploiting your rights in the best way possible. These are the most common practices when it comes to exploiting your patent rights:

##### I. Exploit your patent rights by yourself

If you have the economic and technical capacity to do so, this is a great option. You may even wish to consider the possibility of exploiting your patent abroad.

Patent rights are territorially granted. Therefore, if you do not protect your patent rights abroad, your invention will become part of the public domain in the countries where you have not obtained protection.

In this sense, other companies may take advantage of your invention and obtain profits without being forced to pay you royalties.

If you are able to exploit your patent by yourself, try to obtain protection in all the countries where you have the capacity to exploit your invention. Otherwise, you will lose money.

Exploiting a patent by yourself requires a solid business plan but the upside is that you will have all the control and all the benefits of your invention.

You have to remember that according to Mexican Patent Law, if the patent has not been exploited, third parties are able to request an obligatory license. Once the obligatory license has been granted, the owner has one year in which to resolve the lack of exploitation, after which the patent rights will be declared as cancelled.

##### II. Grant a license agreement

This is the best way to obtain profits while minimizing risk. When you grant a license to others, you give them permission to exploit your rights and you may ask for the payment of royalties.

Handling the manufacturing of your patented products requires a large amount of money and the need to comply with local and/or foreign regulations, etc. The exploitation of your invention by others will limit your winnings but it will limit the risk as well.

You can exploit your patent and grant licenses too, and the license opportunities are huge. Moreover, if you have consolidated the quality of your invention and the quality of your protection (i.e. your patent has value in market and it has been properly protected), the licensee will pay you handsomely.

These patent licenses can be exclusive or non-exclusive; can cover a single territory; can be free of royalties or not; etc. In any case, you need to be sure that you have the correct contracts, confidential clauses, non-compete clauses, clear royalty payment clauses and right to audit clauses. Peace and safe clauses are always advisable.

It is important to record your license agreements before the Mexican Institute of Industrial Property (IMPI). By recording the license before the IMPI, you can immediately protect yourself against third parties. Any exploitation made by the licensee is considered as a use made by the licensor.

A license may give you access to markets that you have not previously been able to access, and without the additional expenses of doing it by yourself.

##### III. Cross-licenses

Cross licenses eliminate litigation costs and give you the opportunity to exploit technology from others.

Sometimes innovation is based on prior rights which are in force and although you have obtained a patent, you may not be able to exploit it because the production and the commercialization of that product may infringe on prior patent rights.

High tech companies generally develop large patent portfolios. However, the innovation in that area is growing day by day. Therefore, these companies cannot obtain royalties for using their patent portfolio without entering into litigation conflicts. Thus, in order to not lose your profits and keep the innovation alive, cross licensed patent portfolios will give you the chance to exploit your patent rights.

#### IN CONCLUSION

Innovating and protecting your innovations may require important monetary and timing resources. The only way to obtain a return of profits is by consolidating a strong patent portfolio and ensuring that you are exploiting your rights in the best way possible. In short, if you are able to consolidate a profitable patent portfolio, your company will be always on top.

*\* A patent search is conducted through several databases. Before initiating any inventive process, is advisable to conduct a patent search in order to determine if the problem has already been resolved in the past and/or to determine the strengths and weakness of the invention.*



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