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Patently obvious

There is no such thing as a worldwide patent. Patents are national rights and the scope of protection of each registration is limited to the country of grant. For example, a UK patent will stop third parties exploiting patented technology in the UK, but provides no barrier outside of the UK. Indeed by filing a patent in one country you, in effect, make your invention public to your competitors in all countries. It is possible to apply for patent protection via the Worldwide Intellectual Property Office for a bundle of national rights over the same invention. However, this is simply an administrative process resulting in the grant of a number of national patent rights.

Whilst it is possible in principle to file for patent protection in every country, it is not practical to do so - the cost would be unjustifiable and not even the largest companies do it. However, failing to register in a specific jurisdiction can give competitors a free pass to use the technology in that jurisdiction. A balance therefore needs to be struck; the owner of the technology needs to be selective in picking the jurisdictions in which to seek protection, based on a cost-benefit analysis.

An alternative to patent protection is to keep your invention confidential. If your competitors are unaware of your technology or unable to access it, then patent protection may be unnecessary. However, such a strategy is only as efficient as your ability to keep the technology secret or confidential. Strict non-disclosure obligations must be put in place before any disclosure occurs. The other downside is that if a competitor independently recreates the technology and seeks patent protection itself, you could be blocked from using your own technology.

Another situation where patent protection may be unnecessary is where you are confident third parties will be unable to recreate or reverse engineer your technology, even if they have access to it. In such circumstances, patent protection would have the detrimental impact of providing a 'how to' manual to your competitors in all jurisdictions where you don't have patent protection.

The question therefore arises as to whether you should apply for patent protection and if so in which countries. There is no 'one cap fits all' approach when it comes to devising a protection strategy, but there are general considerations that may assist:

Step 1: Identification

Any strategy should begin by considering how innovative technology is going to be brought to the attention of the key decision makers. Employees and contractors should be specifically trained on how to effectively record any research and development they undertake, providing specific detail to ensure that it can be recreated in the future. Systems should also be implemented to make sure that novel developments are reported to senior members of the team for onward presentation to management.

Step 2: Protection

Generally speaking, we would advise that the most vulnerable technology is protected via patents, with the remainder protected via an efficient confidentiality system (or reliance on other IP rights such as copyright, as applicable).

By the most vulnerable technology we mean the technology that your competitors are both likely to want and are able to copy. For example, NASA owns multiple inventions that are used on its space shuttles. However, NASA has few competitors and the chance of one of those competitors gaining access to technology incorporated in NASA's space shuttles is relatively remote. NASA may therefore decide that strict confidentiality agreements are sufficient to protect its technology and an extensive patent portfolio is not necessary. The same could equally apply to offshore

projects. Outside of the company, only the parties involved in the design of the vessel and its operators are likely to come into contact with the technology. A competitor is unlikely to gain access to the technology, whilst it is in operation out on the continental shelf, to enable it to reverse engineer technology. However, this may vary from project to project and is very much a decision to be made on a case by case basis.

Patent protection

When it comes to deciding where to seek patent protection, a good starting point is to target countries where key competitors are likely to operate. However, FSRUs and LNGs operate in most non-landlocked countries. This means that, unless the technology is designed to deal with a country specific issue, a strategy based on countries of operation alone is unlikely to be cost effective. Instead, we would recommend that the protection strategy includes countries in which competitors are likely to build or convert the vessels (or the parts of the vessels that use the technology). For example, you may decide that the main shipyards are located in South Korea and China and so registration in those countries may prevent the shipyards incorporating the technology into the FSRU/LNG in the first place. You may also know that the largest designers of that category of technology are located in the Netherlands and may therefore decide to register your inventions within that category there. This approach can (i) prevent FSRU/LNG build at source; and (ii) allow you to recover global compensation as the use of the FSRUs in other countries can constitute damage flowing from the infringing act (the design/manufacture). This allows you to focus your protection strategy, making your portfolio more manageable and cost effective, whilst simultaneously preventing global use.

The rules governing protection differ from country to country, with some being much more IP owner friendly than others. This is therefore another important factor in your protection strategy.

Confidentiality regime

It is possible to prevent third parties from using, disclosing or copying the technology by imposing an obligation of confidence. This could allow a company to invest in, research and develop confidential ideas by disclosing the information to a limited number of people who, if bound by an obligation of confidence, should not pass the information on to others. If the confidential information was disclosed, its owner could then bring an action for breach of confidence against the disclosing party.

An obligation of confidence might be contractual (for example by ensuring that the party to whom the information is disclosed enters into a confidentiality or non-disclosure agreement prior to disclosure) or implied (where information is disclosed which has confidential properties and the person to whom it is disclosed would appreciate that the information is confidential in nature). This is of particular importance when considering whether to apply for patent protection because disclosure of the invention to third parties prior to filing the patent application can, under certain circumstances, be sufficient to prevent the application from being granted, or invalidate a granted patent at a later date.

Step 3: Enforcement

There is no point in spending considerable time and effort in devising and implementing a protection strategy, if you are not going to enforce your rights against third party infringers. A system will need to be established to allow you to identify any such infringement and react accordingly. Third party contractors should also be contractually obligated to report any instances of infringement they become aware of.

Devising an effective protection strategy can be a cost efficient way of ensuring that you retain control and protection over your key technology. Such technology can potentially give you an advantage at tender, access to cross licensing opportunities, or it can act as a lucrative royalty stream if the technology is made available through licensing. However, get it wrong and your competitors will be able to benefit from your hard work, without incurring any of the R&D costs.

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