

Protecting innovation



While many large cosmetics companies are prolific patent filers, should beauty SMEs be thinking about patenting too? Patent attorney **Frances Salisbury** discusses the pros and cons

Innovation lies at the heart of the cosmetics industry. Developing a cosmetic product is a time-consuming and expensive process, often taking many years to develop a new ingredient into a formulation suitable for market.

In addition to investing heavily in research and development, many of the large cosmetics companies are also prolific patent filers. For example, in 2015, Beiersdorf filed patents for 61 innovations and Unilever filed more than 200 applications in Europe alone.

But should smaller companies be thinking about patenting too? Here we investigate some of the reasons why you might consider patent filing, and look at the kinds of things that can be patented in cosmetics. We'll also discuss some of the limitations of patents in this highly competitive area.

WHY FILE?

Before we look in more detail at what can be patented in the cosmetics industry, let's start with some of the reasons why you might consider trying to obtain one.

Owning a patent gives you the right to take

legal action against anyone who makes, uses, sells or imports your invention without your permission. Legal action can, however, be prohibitively expensive and the end result is rarely certain. Indeed, many patent owners obtain patents with no intention of ever using them to launch legal action. So, why do they bother?

A reason that a company might consider filing a patent application is where they intend to seek investment. Potential investors often want to see that you are making efforts to obtain a patent before they will enter into discussions with you. They are looking to make sure that you have taken to steps to protect their investment, and could take action against a competitor piggy-backing on the research and development that they might fund.

Another benefit to obtaining a patent in the cosmetics area is that you can then label your product as 'patented' or 'patent pending'. Although intended as a way of making potential infringers aware that you may have exclusive rights in the



product, these labels also have a useful marketing function. In this highly competitive area, consumers are often attracted to products they consider particularly innovative, or backed by scientific research. Labelling your product in this way can therefore be another way of attracting customers to your product. Indeed, many cosmetics companies freely publicise the number of patents that they file on their website, to highlight the innovative nature of their brand.

One reason that can be particularly important for smaller businesses is the 'Patent Box'. This is a special tax regime operated by many countries, including the UK, which allows patent holders to pay a reduced rate of corporation tax on the sale of products, or the components of products, that are covered by their granted patent. Tax relief is also available for methods of manufacture, and for licensing fees and royalties. The Patent Box rules are patentee friendly, with tax relief calculated against global sales, irrespective of whether or not you hold a patent in a particular country – all that matters is that you have a patent somewhere, and that it covers your product. Owning a patent can therefore offer a significant source of income.

HOW TO OBTAIN

There are therefore several ways in which you can benefit from owning a patent, even if you aren't using it to stop others. But what can you patent, and how do you go about obtaining one?

Patents are available in all fields of technology and in the cosmetics industry can include innovations at almost every stage, from the identification of new ingredients through to the development of new packaging solutions for sale.

The first step in obtaining a patent is to file an application, which sets out the invention in detail, ideally including some experimental data showing the benefits of the invention.

The patent application should contain enough information to make the invention plausible (eg enough data to evidence the effect that you are claiming). This document is then filed with the patent office of the country in which you are interested in obtaining patent protection (a UK patent application cannot be used to stop someone from copying your invention in the US, for example). They then undertake an examination of the patent application, and particularly the 'claims', which are the statements that define the invention.

In order to be granted a patent, an invention must be new (ie not known to the public before you make your application) and not obvious. Whether or not an invention is not obvious is subjective and the patent offices try to work this out based on whether or not an invention would have been obvious to "the skilled person". This fictional person is not an expert in the field, but rather a person who is considered to know

What can be patented? The beauty edition

- **Ingredients** – covers the broadest scope of potential infringement
- **Formulations or ingredients combinations** – easier for competitors to work around
- **Production methods**
- **Packaging**

everything that has already been published in the field and who will happily combine things that are known, if that combination is known to have predictable results. A combination of features or method steps that produce unexpected results (eg a more effective cosmetic result, or a higher affinity of purification) would not be considered obvious to the skilled person, and would likely lead to a patent being granted.

Of course, it is important to bear in mind that patent applications will publish 18 months after filing. This means that any data in the application will be made available to the public. You therefore need to consider whether the potential benefits of owning a patent are outweighed by the requirement to make public the details of your invention.





INGREDIENTS, FORMULATIONS & PACKAGING

For innovators working at the beginning of the development pathway, patentable inventions include new and unknown ingredients, or ingredients that have not been previously used in cosmetics. In addition to ingredients that have cosmetic benefit (eg anti-wrinkle actives), patents might also be sought for formulation ingredients, such as preservatives. Patents for particular ingredients can be particularly beneficial, because they often offer the broadest patent scope. That is, they cover the greatest number of potentially infringing products. A patent for a completely new ingredient, for example, might cover any cosmetic product containing that ingredient, irrespective of the specific formulation or intended use. This means that the patent could be used to take legal action against any of these competitor products, or could be licensed to allow competitors to make their product in exchange for a license fee, or for a licence to use one of the competitors' patented inventions.

Although naturally occurring ingredients may not, in their natural state, be patentable (because they are not technically new), it may still be possible to obtain a patent, for example to the isolated ingredient itself (if it has not been isolated before), to compositions containing it (eg a new emulsion containing the ingredient),

Why do businesses file? The benefits of patenting

- Legal protection
- To secure investment
- Enhance consumer interest
- Tax relief

or in some cases to inventions based on the appreciation of new property or use of those products (eg a cosmetic application for an ingredient previously used in an entirely different field of technology).

For companies further down the development chain, patent protection may be available for particular formulations, or combinations of ingredients, or in some cases new uses of those products. Such patents often have much narrower scope, being more tightly focused around the particular formulation, meaning that it may be more possible for a competitor to work around your patent, to place a very similar product on the market without infringing your patent. However, as explained above, such a patent might still provide benefits through Patent Box tax relief, or from marking your product as 'patented'.

Patents are not only available for products, but also for methods, such as ones for isolating or purifying ingredients. New methods for formulating cosmetics (eg determining how to make a foam from an ingredient previously only formulated as an emulsion) may also be patented. As with the ingredient patents mentioned above, these patents can be particularly useful as a source of licensing revenue.

Another area of innovation in the cosmetics sector that is particularly suitable for patent filing is in packaging. Indeed, 90 of the 497 patent applications that L'Oréal filed in 2015 were in packaging and processing. Again, Patent Box relief should be available for products sold in patented packaging, and such products can be marked as 'patented'.

ANY ISSUES?

There are some limitations to patenting that are particular to the cosmetics sector, because of the overlap of cosmetics and personal care with medicine. Innovations in sunscreens and UV protection can, for example, be problematic, because these products have both cosmetic and therapeutic effects, and many patent offices do not allow patents to be granted to therapeutic methods. However, if you are innovating in this area, you may still have a patentable invention, such as the product itself (rather than the method of using it).

There are therefore lots of innovations in the cosmetics sector that could be the subject of patent applications, and many different reasons that you might consider seeking patent protection. A registered patent attorney will be able to advise you in more detail ●

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