Source of Patent Rights

Government grant

- Right **to prevent others** from making, using, or selling patented invention
- Does **not** grant the right to make the invention
- In United States, controlled by federal law
  - U.S. Constitution establishes patent framework
  - Congress may make laws to “promote the Progress of Science and useful Arts, by securing for limited **Times** to Authors and Inventors the exclusive **Right** to their respective Writings and Discoveries”
Patents Distinguished from Other IP

Copyright
- Protects works of **authorship** in tangible medium
- Most **software** protected by copyright

Trademark
- Protects word, name, symbol that identifies and distinguishes the origin of goods or services

Trade secrets
- Protects confidential business information that derives value from being **kept secret**
- Requires diligence to maintain confidentiality
Why Do We Have Patents?

Encourages innovation by granting exclusivity

- In exchange, government requires full public disclosure
- New innovation can piggy-back on disclosed patents
- Alternative: Protection through “trade secret” law
  - Protect value of innovation by tight control & secrecy
  - Deters public knowledge & advancement of useful arts

Criticism: Actually deters innovation

- Patent trolls: hold rights only to sue & license
- Restraints on manufacture & research (e.g., pharmaceuticals)
What Can You Patent?

- Patent eligible categories:
  - Processes
  - Machines
  - Manufactures
  - Compositions of matter

- To qualify for patent, must be
  - Useful
  - Novel
  - Non-obvious to person of ordinary skill in the art
  - Fully & clearly described
What *Can’t* You Patent?

Some things *cannot* be patented
- Laws of nature (e.g., relativity)
- Abstract ideas
- Physical phenomena (i.e., products of nature)

Current controversy:
- Software (often yes)
- Business methods (less common today)
Why Get a Patent?

1. Offensive Value
   - Protect your inspiration!
   - Establish licensing program to generate royalty revenues
   - Stop competitors from using patented technology
   - Obtain cross-licenses to competitors’ patented technology

2. Defensive Value
   - Prevent others from getting a patent on the same invention
   - Discourage predators, pirates and copycats
   - Bargaining chips with competitors threatening infringement

3. Create Assets
   - Enhance value to investors by creating legally protectable assets
   - Convert technological developments into something you can sell

4. Marketing Value
   - Add credibility to product’s technology
   - Distinguish product from competitors’ products
Types of Patents

**Utility Patents**
- Protect underlying concepts in any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement (35 U.S.C. § 101)
- Duration: 20 years from first date of filing

**Design Patents**
- Original, *ornamental* design for manufactured article (35 U.S.C. § 171)
- Covers *non-functional* appearance of articles (shape, texture, markings)
- Can obtain both utility patent and design patent for same article
  - iPhone “rounded corners” & other design features
  - Apple verdict for $1.05 billion against Samsung (*likely to be cut*)
- Duration: 14 years

**Plant Patents**
- Asexually reproduced distinct and new variety of plant (35 U.S.C. § 161)
  - *Example*: Hop varieties
- Bars others from asexually reproducing same plants
- Duration: 20 years
Business Method Patents

- **Method of conducting business transaction**
  - Novelty lies in unique way of conducting transaction
  - Unsettled criteria for granting business method patent – Supreme Court dodged
  - But not easy to get: 20 denied for every 1 granted

- **Sample business method patents:**
  - The “1-Click” patent of Amazon.com (5,960,411)
  - Amazon.com patent for Internet-based referral system (6,029,141)
  - Pizza Hut patent on the delivery of a pizza (4,632,836)
  - Smucker’s patent on crustless filled sandwich (6,004,596)
  - A patent on a method of swinging on a swing (6,368,227)
  - *Not clear any would be granted today*
Provisional Patent Application

Provisional application = informal “placeholder”

- Doesn’t require formalities of non-provisional patent application.
- Must contain disclosure sufficient for non-provisional application.
- If non-provisional application filed within one year, treated as filed on same day as the provisional application.

Provisional gives strategic opportunities

- Can use patent pending notice to discourage copying.

Use when can’t wait or can’t pay

- Need to file ASAP (e.g., disclosed nearly 1 year ago)
- Can’t afford to pay for a real app (provisional can cost a fraction)
- Don't want to file “real” application until interest expressed
Patent Ownership

Inventions often have more than one inventor

- Joint owners of the invention

Absent agreement, each joint owner may –

- make, use, offer to sell, or sell the patented invention within U.S., or import the patented invention into U.S.

- without the consent of and without accounting to the other owners (35 U.S.C. § 262)

Co-owners should have written agreement controlling commercial exploitation

Patents are personal property

- Inventor can assign patents
- Commonly done – monetize invention
Who Owns the Patent? Employer or Employee?

- **Varies from state to state**
  - Most states imply **duty** to assign employee-made inventions to employer

- Employment agreements often clarify
  - Typically spell out employee’s duty to **disclose and assign inventions** to employer and assist employer in protecting
  - Typically also include confidentiality provisions
  - Some states (e.g., Washington) require written notice of employee’s rights to prevent overreaching by an employer

- But patents must be applied for, and will issue, in name of the **individual** inventor
Employer Shop Rights

Ever see “Silicon Valley”?  
- Shop rights at the center of the arbitration

Even if employer doesn’t own employee’s invention, employer may have shop rights

- A “shop right” may exist if:
  - Employee made the invention on the employer’s time
  - Or using the employer’s facilities or materials
  - Or using the employer’s proprietary information

- If shop right exists:
  - Employee owns the invention & can grant licenses
  - But employer holds implied license to use invention royalty-free
When to File a Patent Application

Must **timely file** to avoid losing patent rights.

- In U.S., limited **one year grace period** after disclosure
- Most foreign countries use “absolute novelty standard”
  - Requires application before **any** public disclosure of invention
  - E.g., demonstration at trade show or description in publication
  - **But** filing of foreign applications can be delayed up to one year from U.S. filing

- **Strongly encouraged** to file U.S. application **before** disclosing

**Lesson:** Don’t sleep on your rights
Content of Patent Application

Publication is *quid pro quo* for patent rights

- Must have detailed *description and drawings*
  - Sufficient so one of “ordinary skill in the art” could make

- Must include one or more “claims” for invention
  - Must “claim” what the applicant regards as the invention
  - In utility patent, written “claims” describe legal coverage
  - In design & plant patents, drawings describe coverage

- Must *honestly* and *fully* disclose prior art
  - Failure can render patent *unenforceable*
METHOD OF SWINGING ON A SWING

Inventor: Steven Olson, 337 Otis Ave., St. Paul, MN (US) 55104

Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

Appl. No.: 09/715,198
Filed: Nov. 17, 2000

Int. Cl.: A63G 9/90
U.S. Cl.: 472/118
Field of Search: 472/118, 119, 472/120, 121, 122, 123, 125

References Cited
U.S. PATENT DOCUMENTS
342,660 A * 6/1881 Clement ................. 472/118

ABSTRACT

A method of swinging on a swing is disclosed, in which a user positioned on a standard swing suspended by two chains from a substantially horizontal tree branch induces side to side motion by pulling alternately on one chain and then the other.

Primary Examiner—Kien T. Nguyen
Attorney, Agent, or Firm—Peter Lowell Olson

4 Claims, 3 Drawing Sheets
Patent Office Examination

Patent Office searches for “prior art”
Then issues “Office Action”

- Commonly challenges claims as within prior art
- Multiple Office Actions often required
  - No new patented matter can be added in process
  - But can revise & add *claims* covering patented matters

- Publication of applications
  - U.S. publishes utility patent applications in 18 months
  - Applicant for U.S. patent can *opt out* of U.S. publication
  - If so, office will keep invention confidential if no patent issues
Issuing a Patent

- Invention must be **useful, novel & non-obvious**
  - But patentability does **not** equate with engineering excellence
  - For utility patent, even simple (i.e., “elegant”) solutions often patentable
  - *Inventors often underestimate patentability of their inventions*
  - When in doubt, consult lawyer or patent agent before disclosing

- May take **1-3 years** from application to utility patent issuance
  - Time depends on U.S.P.T.O. backlog, which it’s working to reduce
  - Time also varies depending on technology
    - Software patent applications: first examination 2 years from filing
    - Biotech patent applications: first examination 1.5 years from filing
  - If unusually long delay, the Patent Office **will** grant a patent term extension
Foreign Rights

Protection of patent is limited to the country issuing the patent

- Must file in every country where inventor wants rights
  - One application can cover rights in member countries of EEC
  - Must translate and register European patent in member countries
- May be desirable to delay filing foreign applications
  - May file foreign application within one year of U.S. application
  - Then have 30 months to file applications in member countries
  - Allows inventor to delay while situation develops
**Invalidating Patents**

*Issued patents can be challenged*

- Presumptively valid
  - But not home free after issuance
- Can bring a challenge in the Patent Office
  - Anyone can request re-examination.
  - Can request an *inter partes* review
  - Special procedures to challenge business method patents
- And can bring a challenge in court
  - Lawsuits commonly result in challenges to validity
Enforcing & Monetizing Patents

Generally enforce patents through *civil lawsuits*

- Patent owner usually seeks:
  - money for past infringement
  - injunction prohibiting future acts of infringement
- Must show accused infringer practices all requirements of at least one claim of the patent

Accused infringer has right to challenge validity

- Generally, infringer may rely on any available ground of invalidity
- Prior art & patent eligibility a common challenge
- May challenge the patents in court or in the patent office

Patent litigation *exceptionally expensive*

- Average > $1,000,000 – and often substantially more
Infringement – Injunctive Relief

Historically, remedies included *injunction* against using patented invention.

Supreme Court *eliminated* injunction presumption:
- Now, plaintiff must satisfy a new four-part test.
- Must show public interest “not disserved” by injunction.

Now, courts often refuse injunctive relief:
- Particularly to “patent trolls”.

---

*Davis Wright Tremaine LLP*  
*Defining Success Together*