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

**Trademark**
- Protects word, name, symbol that identifies and distinguishes 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, full public disclosure required
- Innovation can piggy-back on disclosed patents
- Alternative: Protection through “trade secret” law
  - Protect value of innovation by control & secrecy
  - Deters public knowledge & advancement

Criticism: Actually deters innovation
- Patent trolls: hold rights only to sue & license
- Restraints on production & research (e.g. pharma)
What Can You Patent?

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

- To qualify for patent, must be
  - Useful
  - Novel
  - Not obvious to one of ordinary skill in 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
   - Leverage cross-licenses to competitors’ patented technology

2. **Defensive Value**
   - Prevent others from patenting 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
- New & useful process, machine, manufacture, composition of matter, or new & useful improvement (35 U.S.C. § 101)

Design Patents
- Original, *ornamental* design for article (35 U.S.C. § 171)
- Covers *non-functional* appearance (shape, texture, etc.)
  - iPhone: “thin rectangular cuboid with rounded corners”
  - Apple jury verdict for $1.05 billion against Samsung
  - Eventually resolved for $539 million

Plant Patents
- Asexually reproduced new plant variety (35 U.S.C. § 161)
Method of conducting business transaction

- Novelty lies in unique way of conducting transaction
- More than “well-understood, routine, conventional activity, previously engaged in by those in the field”
- 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 method for delivering pizza (4,632,836)
- Smucker’s patent on method for crustless PB&J (6,004,596)
- Child’s 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”

- Less formal—but still requires full disclosure.
- If file non-provisional application within 1 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 costs less)
- Don't want to file “real” application until interest expressed
Patent Ownership

Inventions often have multiple inventors

- Joint owners of the invention

Absent agreement, each joint owner may –

- make, use, offer to sell, or sell patented invention
- without 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 or sell patents
Who Owns the Patent: Employer or Employee?

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

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

- But patents must be applied for, and will issue, in name of the *individual* inventor
Even if employer doesn’t own employee’s invention, employer may have shop rights.

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

- If shop right exists:
  - Employee owns invention & can grant licenses
  - But employer has implied royalty free license

- Ever see “Silicon Valley”? 
  - Shop rights at center of plot
When to File a Patent Application

**Lesson**: Don’t sleep on your rights

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
  - E.g., demonstration at trade show or in publication
  - *But* can delay filing foreign apps 1 year from U.S. filing
- *Strongly encouraged* to file US application *before* disclosing
Publication is *quid pro quo* for patent rights

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

- Must include one or more “claims” for invention
  - Must “claim” the invention
  - Utility patent: “claims” describe coverage
  - 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, 120, 121, 122, 123

References Cited
U.S. PATENT DOCUMENTS
342,660 A  4/1958; 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.

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

- Invention must be **useful, novel & non-obvious**
  - Patentability does **not** equate with excellence
  - Even simple (i.e., “elegant”) solutions often patentable
  - *Inventors often underestimates patentability*
  - Consult lawyer or patent agent before disclosing

- May take **1-3 years** to utility patent issuance
  - Time depends on U.S.P.T.O. backlog
  - Time also varies depending on technology
    - Software: first examination 2 years from filing
    - Biotech: first examination 1.5 years from filing
  - If long delay, Patent Office **will** extend term
Foreign Rights

Protection of patent is limited to the country issuing the patent

- Must file in **every** country where want rights
  - One application can cover rights in EU
  - But must translate and register European patent in member countries

- May be desirable to delay foreign applications
  - May file foreign appl within one year of U.S. app
  - 30 months to file applications in member countries
  - Allows delay while situation develops
Invalidating Patents

**Issued patents can be challenged**

- 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 challenge to validity
  - Always a risk of suing for infringement
Enforcing & Monetizing Patents

Generally enforce through *civil lawsuit*
- Patent owner usually seeks:
  - money for past infringement
  - injunction prohibiting future acts of infringement
- Must show accused infringer practices at least 1 claim

Accused infringer can challenge validity
- Infringer may rely on any ground of invalidity
- Prior art & patent eligibility a common challenge
- May challenge patents in court or in patent office

Patent litigation *exceptionally expensive*
- Average > $1,000,000
- Often a *lot* more
Infringement – Injunctive Relief

Historically remedies included *injunction*
- Preventing *future use* of patented invention

Supreme Ct. *eliminated* injunction presumption
- Now, patent holder must satisfy new four-part test
  - Public interest can’t be “disserved” by injunction

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