

Devising a Patent Strategy

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U.S. Patent and Trademark Office

During this workshop, Ms. Ferensic and Mr. Bennett will describe the "patent pipeline" - - how a patent application moves through the examination process, and what to expect from the examiner's review. They will explain the basic technical requirements for getting an application into "patent pending" status, and offer helpful hints on avoiding pitfalls in corresponding with the PTO. You'll learn about the recently established network of Customer Service Offices throughout the Patent Examining Corps, and the popular Patent Assistance Center accessed via 1-800-PTO-9199. Included in their presentation will be basic instruction on how and where "pre-examination" patent searches can be performed.

Denise L. Ferensic is a Supervisory Patent Examiner of Art Unit 3749 Drying, Ventilating, and Incineration technology at the United States Patent and Trademark Office. Ms. Ferensic obtained a B.S. in Mechanical Engineering from the University of Maryland. Ms. Ferensic serves as a participant in independent inventor outreach activities as provided by the Office of Independent Inventor Programs

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Devising a Patent Strategy

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While U.S. patents are actually legal documents that describe the exclusive rights granted by the U.S. government to the named inventors, for strategic planning purposes patents may be viewed as “tokens” used in any one of a variety of modern business games. To formulate a patent strategy, one must first know the objective and rules of the game being played. Some games relate to:

- (1) maximizing institutional prestige,
- (2) creating profit centers,
- (3) defending market niches, and
- (4) obtaining insurance against being foreclosed from new areas of endeavor.

However, in virtually every situation a patentee’s interests are best served if the patentee follows a strategy that results in securing commercially valuable patents. Ironically, a strategy for seeking commercially valuable patents recognizes that one cannot predict with any degree of certainty what features of new technologies may be of the greatest commercial value in the future. As a consequence, patent specifications should be drafted to include more than the minimal essential subject matter to ensure there is sufficient flexibility for creative arguing and claim expansion during patent prosecution and patent litigation. Evolutionary changes in technology and what is considered to be patentable has given rise to the opportunity to obtain exclusive rights to technology in software and business method areas, previously thought to be excluded from patent protection. Strategies that have challenged these exceptions to patentability have been richly rewarded, and so one facet of a successful patent strategy is to include a mix of claims that push the boundaries of conventional practice, along with conventional types of claims. The present discussion will address techniques for formulating patent strategies that progressively build a portfolio of commercially valuable U.S. and foreign patents.

Bradley D. Lytle is a partner in Oblon, Spivak, McClelland, Maier and Neustadt, P.C.’s Electrical/Mechanical Department. His practice touches all aspects of patent law with an emphasis on building commercially significant U.S. and foreign patent portfolios for companies in the e-commerce, digital communications, RF and wireless communications, software, control system, Internet infrastructure, and information technology areas.

Devising a Patent Strategy

4th Annual Meeting of the National Collegiate
Inventors and Innovators Alliance

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March 9-11, 2000

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Overview

- Identify Objective and Motivation
- Identify Rules of Game
- Identify “Models” of Performance
- Develop Steps to Achieve the Objective
With Eye on Rules and Proven Models

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Patents are “game tokens”: what’s the game?

- Prestige
- Capital/Grant attraction
- Measure of research funding
- \$\$\$\$\$
- Defense of market niche
- Insurance against being shut out of new
markets/technology

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Using patents to win the game

- Capital/Grant attraction
 - Goal: reflect ambition of sponsor & set aim accordingly
- Measure of research funding
 - Goal: provide reliable, tangible result of R&D funds
 - Set fixed ratio #patents/\$
- \$\$\$\$\$
 - Goal: obtain rights to commercially important inventions
 - Challenge: predicting what will be an important invention
- Defense
 - Goal: corner the market and avoid “design arounds”
- Insurance
 - Goal: use patents as bargaining chips in cross-licensing

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The fuel of *interest* and the fire of *genius*

- Government’s interest:
 - Encourage inventors to explain ideas to the
public, so others can make further improvements
- Inventor’s interest:
 - 20 years of exclusive rights (limited monopoly)
- “The patent system . . . added the fuel of *interest*
and the fire of *genius* in the discovery and
production of new and useful things.” Abraham Lincoln

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Who may get a patent?

- Only individuals
 - Must be a first and original inventor
 - A company cannot get a patent in US
- Joint Inventors
- A patent is personal property
 - Transfer of rights governed by contract law
 - Employment agreements
 - License agreements

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Rules: Why Call Them Business Method Patents?

- Answer: Don't
- Pro:
 - Sounds “cool” to say it
 - Helps encourage “inventors” to brainstorm
- Cons:
 - Might create an admission (new law)
 - Causes commotion in Europe and Asia
 - Usually unfairly limits the true breadth of invention (systems, computer program products, signals, etc.)

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Drafting Rules: Who Is the Audience?

- Legal Test: must provide (1) an adequate written description so as to (2) enable one of ordinary skill in the art to practice the invention
- Patent Examiner: decides whether to allow case
 - time pressures
 - sometimes language issues
- Judge and/or Jury: decides infringement
 - technical subject matter can be confusing
- Theme: easy to understand
 - good figures and understandable text

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Drafting Rules: Specification Should Support Claim Breadth and Diversity

- Specification should afford (1) claim breadth, (2) claim diversity, (3) flexibility in prosecution
- Adding breadth to claim scope:
 - add different embodiments, alternatives
 - doctrine of equivalents, means plus function claims
- Diversity of claims:
 - flowcharts to support method claims
 - data structure figures to support data structure claims
 - block diagrams to show system and apparatus components

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Drafting Rules: Specification Should Support International Filing

- Recognize that legal momentum in US and abroad is swinging in favor expanded patenting rights
- Anticipate clarification in law to obtain patent coverage “early in the game”
- Proactively seek “business method” rights in other countries
- Look to non-traditional parts of the University as sources of commercially valuable inventions

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Drafting Rules: Specification Should Support International Filing (cont.)

- Add technical description
 - “technical effect”
- Risk area: “business method” inventors may lack the technical knowledge to describe a system that implements the method
 - May require a technical patent engineer to add much of the implementation details regarding HOW the invention can be accomplished
- Consider “substantive” revisions by foreign attorney before filing

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Drafting Rules: Claims

- Goal: Obtain commercially valuable patents
- Claim diversity adds strength to patent
 - minimizes risk that all claims will be rejected in all countries
 - broadens scope of potential infringers
- Add many embodiments (alternatives) in the specification to broaden claims scope
 - means plus function claims (cover what is in the specification and equivalents)
 - Doctrine of Equivalents expands with increased teaching regarding equivalents

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Drafting Rules: Claims (cont.)

- Types of Claims
 - Method
 - Claim differentiation: one dependent claim that states the independent claims is a computer-implemented method
 - System (BE CAREFUL)
 - Many e-commerce systems cross country borders
 - Computer Program Product claims

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Drafting Rules: Claims (cont.)

- Types of Claims (Cont.)
 - Individual components of system
 - use inferential claiming (e.g., web server configured to connect to the Internet and send a message over the Internet to a client computer)
 - Means plus function claims
 - serve as short-hand notation for what is described in the specification
 - Signal claims (if signals represent a physical item)

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Patent Models

- U. of Cal. (University) "As part of the deal, Genentech would pay the university \$150 million and build a \$50 million building on the school's new research campus in San Francisco's Mission Bay, the Times reported, citing sources close to the negotiations."
- Five scientists responsible for discovering the genetically engineered human growth hormone at UC San Francisco would collect about \$20 million each under the deal, and the university would get the rest of the settlement, the sources told the newspaper."
- IBM (Aggressive) For the seventh straight year, IBM received more utility patents than any other private sector organization.
- Oracle (Software Trend): 0 in 1990-94; 3 in 1995; 8 in 1996; 8 in 1997; 58 in 1998; 85 in 1999
- Walker Digital (modern equivalent of Edison's invention factory)
- Amazon.com (protect Internet market niche)

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When and Where To File Applications

- General Rule: file before any public disclosure
- US Filing Strategy
 - 1 year grace period
 - file before any publication
 - file before any offer for sale
- Foreign Filing Strategy
 - PCT, preserves foreign filing "option"
 - absolute novelty bar

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Prevailing Patenting Strategy

- Theme: First-to-market, but defend market niche with patent portfolio
- File patent applications before product is launched
 - add many embodiments and "equivalents"
 - maximize types of claims to hedge risk
- Have US applications revised by European and Asian patent attorneys before filing PCT
 - Theme: protection is available, but must know "how" to characterize the invention

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Budget Line Items

- Preparing and Filing Applications
- Prosecuting Applications
- Maintaining Issued Patents
- Opinions
- Licensing
- Enforcement/Defending (Litigation)

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Process

- Develop Patent Policy and Vision Statement
- Establish Budget Commensurate With Goals
- Form Patent Review Committee
- Establish Inventor Incentive Program
- Establish Inventor Patent Education Program
- Form US and Foreign Filing Guidelines
- Seek US and Foreign Assistance To Maximize Potential Value of IP Protection

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