How to Lose Your Patent Rights Without Even Knowing It

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Welcome. With the high number of attendees, please note all lines have been muted for the event. Q&A can be posted at the right of your screen, but any questions (time permitting) will be addressed at the end of the event. If using Q&A – please send to both the host and the presenter. Chat will not be utilized. You can send direct questions (including request for copy of slides) to seminars@leclairryan.com with Patent Rights in the subject for reply after the event.
OVERVIEW

- Introductions
- General Information on Patents
- Loss of Patent Right Scenarios
- Prosecution Pitfalls
- Due Diligence, Ownership and Licenses
What is a Patent?
- A set of exclusive rights granted by government to an inventor or assignee for a limited period of time in exchange for publicly disclosing the invention.

Patent Application’s Contents
- Specification
- Drawings
- One or More Claims

Filing of patent application establishes official filing date
Conditions for Patentability
- Invention is Useful
- Invention is Novel over relevant prior art
- Invention is Non-Obvious over relevant prior art
- Invention is directed to patentable subject matter

Prior Art
- Information that has been made available to the public in any form before the filing date that might be relevant to a patent's claims.
- Your own acts may constitute prior art!
Loss of Right Events

- THREE TYPES OF EVENTS CAN RESULT IN LOSS OF PATENT RIGHTS
  - Public Use
  - On Sale/Offer for Sale
  - Public Disclosure

- 12 MONTH CLOCK BEGINS TO RUN IN U.S. TO FILE FOR PATENT

- FOREIGN RIGHTS IMMEDIATELY LOST
Under 35 USC § 102(b), a person is entitled to a patent unless: “the invention was . . . in public use . . . in this country, more than one year prior to the date of the application for patent in the United States…”

Public Use:

- Invention was accessible to the public; or
  - Nature of activity in public
  - Public access to the use
  - Confidential obligations
- Invention was commercially exploited.

12 month clock begins from the date of public use
- Exception: Experimental Use
Public Use-Experimental Use

Experimental Use Exception-General Factors

- Amount of control retained by inventor
- Extent of public testing required
- Need for and duration of public testing
- Existence of confidentiality agreement
- Degree of commercial exploitation
- Whether the observers were skilled in the art
Public Use-LR’s Recommendations

• Use Invention Disclosure Forms
  – Remind the inventor(s) the importance of maintaining the confidentiality of the invention

• If a public use has already occurred, file a provisional or utility application (if within 12 months)

• Make sure the inventor(s) exercise control over any use of the invention by others even within their group or department

• Make sure the inventor(s) exercise control over any experimentation
Under 35 USC § 102(b), a person is entitled to a patent unless:

“the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States. . .”

The on-sale bar of 35 U.S.C. 102(b) is triggered if the invention is BOTH
- the subject of a commercial offer for sale not primarily for experimental purposes; and
- ready for patenting
On Sale-LR’s Recommendations

• Contact your patent counsel before offering for sale or selling your product
  – Incorporate on-sale dates in your Invention Disclosure Forms
  – Have internal processes which flag on-sale/offer-for-sale dates

• If an offer for sale or sale has already occurred within 12 months, file a provisional or utility application in the United States to obtain a filing date
Under 35 USC § 102(b), a person is entitled to a patent unless:
“the invention was patented or described in a printed publication in this or a foreign country... more than one year prior to the date of the application for patent in the United States...”
Printed publications do not have to be enabling to constitute prior art
  • Mere suggestion in a publication can be trouble (obviousness)

Actual quantity of copies required to constitute a publication may vary widely depending on circumstances
  • A single typewritten manuscript has been held as being “published” when indexed and catalogued in a university library
Information available in electronic format can be used as prior art

- The date the information becomes accessible to the public is the publication date
  - Date uploaded to a Web site
  - Date indexed by a search engine

Rules are the same for applying prior art in electronic format as they are for printed publications
Exception:

- Temporal electronic materials may not be available to be used as prior art
  - Web broadcast that cannot be saved, retrieved or printed
  - A live simulcast feed that is not archived and a “streaming” audio or video that “flashes” across the screen
Public Disclosure-LR’s Recommendations

- If using an Intranet for posting of research results and/or product development, make sure access to postings is restricted to prevent “public” disclosure
  - For employees, research members only
  - Make sure those with access understand their duty of confidentiality
  - Identify posted documents as “Confidential” and “For Internal Purposes Only”
Public Disclosure-LR’s Recommendations

- Implement security protocols of such posted documents to prevent unauthorized copying, printing, emailing of those documents to individuals outside of the company.

- Educate/train inventors that a patent application must be filed before any steps are taken to publish the material for public viewing.
  - Coordinate with those involved in the publishing of documents authored by the inventor to prevent inadvertent public disclosure of the invention.
Public Disclosure-LR’s Recommendations

• If invention has already been publicly disclosed, review the date of publication

• If the date of publication was within 12 months, a provisional application for the invention should be filed immediately in the US
  – Foreign rights will be lost outside of the US
Prosecution Pitfalls

- During filing
- During examination
- During issuance
## During Filing

<table>
<thead>
<tr>
<th>Basic Filing Fees (&quot;large&quot; entity; no excess pages/claims)</th>
<th>Examined?</th>
<th>Duration</th>
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<tbody>
<tr>
<td>US Provisional</td>
<td>No</td>
<td>1 year</td>
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<tr>
<td>$220</td>
<td></td>
<td></td>
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<tr>
<td>US Utility</td>
<td>Yes</td>
<td>Until abandoned or issued</td>
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<tr>
<td>$1090</td>
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<tr>
<td>PCT (international)</td>
<td>Limited, if at all</td>
<td>~30 months</td>
</tr>
<tr>
<td>≥$2600</td>
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<td></td>
</tr>
</tbody>
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Benefits of a Provisional Application

- Low cost
- Unexamined
- Filing date
During Filing

- **Usefulness of a Provisional Application**
  - Secure a priority date
    - Looming disclosure
    - Premature disclosure
  - Delay examination
    - Provide time to secure financing
    - Shift prosecution costs to licensees
    - Provide time for further testing
During Filing

- Pitfalls
  - “Quick and dirty”
    - Rushed filing
    - No claims
    - Incomplete commerciability analysis
  - Priority is not automatic
    - Must adequately support the claims in the subsequent utility application
Filing Strategies

• Strategies
  • Treat a provisional like a utility application
    – Full set of claims
    – Fully described & enabled
  • Last minute filings
    – At least identify key commercial application(s)
    – At least prepare claims
    – At least describe/enable key application(s), even if brief
  • Include reimbursement in the license
During Examination

■ Pitfalls
  • Giving up
  • Losing your shirt
Different objectives call for different strategies

- Increase patent count—any allowance will do
- Freedom to operate—publication may be enough
- Market exclusivity/cross-licensing—the claims matter
  - cover the commercial product *and*
  - reasonable design-arounds
During Examination

- Keep objectives clear
- Match response to objectives
- Reevaluate as circumstances change
- Communication is key
  - Internally
  - With licensees/owners
  - With patent counsel
During Issuance

- **Pitfall**
  - **Unclaimed subject matter**
    - Anything left on the table is dedicated to the public
    - May lose the right to “equivalents”
    - Reissue can be risky
During Issuance

- Strategy
  - Identify unclaimed subject matter
  - Do a cost/benefit analysis
  - File additional application(s) if appropriate
- If insufficient time/money for a full analysis, file another application to keep your options open
Prosecution Strategies

- During filing
  - Don’t file useless provisional applications
- During examination
  - Know what you’re fighting for
- During issuance
  - Don’t give valuable inventions away
Due Diligence

- Patents and IP are often key to any deal!
- The more critical your technology is to your company, the more scrutiny the IP due diligence will be
Questions by the investor:
1. What technology is being purchased?
2. What is the commercial use of the technology?
3. Are there any key features to the technology?
What investors are looking for

- Plan to protect IP
  - How is the other IP being protected?
  - If no patent protection, what barriers to entry are in place to stop competitors from stealing the technology?
When to file a patent application

- Is the improvement patentable?
- Can the technology be reverse engineered?
- Do you foresee a business plan that would involve licensing your technology to others?
- Do you feel comfortable disclosing your technology under an NDA?
What investors are looking for in a patent application

- Robust “foundational” patent application that contains claims covering:
  1. Commercial products
  2. Key features
  3. New developments
Freedom to Operate

- Know whether you can practice in the space you plan to commercialize
- Different than a patentability analysis
- Understand (and claim around) your closest prior art
Ownership

- All inventors need to assign their rights;
  - Each inventor has rights!
  - Assignments should be recorded at USPTO

- Potential problems:
  - Collaborations
  - Joint Development Agreements
  - Consultants
    - Be very careful with consultants!
    - If hired for innovation, get them under agreement EARLY
License Agreements

- License agreements from universities
  - Bayh-Dole Act requires commercialization of technology
- Exclusive vs. nonexclusive
  - Get exclusivity, if possible, even if it’s in a narrow field of use
- Need rights to sublicense
- Need transferability clauses
Pitfalls

- Any savvy investor will quickly be able to determine how strong your patent application is
- A business strategy that includes a comprehensive IP plan is vital
- Make sure there are no loose ends with respect to inventorship and ownership
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