



The Patent Portfolio and Intellectual Property Strategies

January 20, 2005

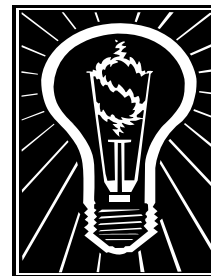
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Goals of this presentation

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- Show why IP should be one of the first issues considered by an entrepreneur
- Emphasize the importance of an IP strategy through all phases of business-building
- Convince you to invest in an IP strategy



What IP Does for Start-ups/ Emerging Business

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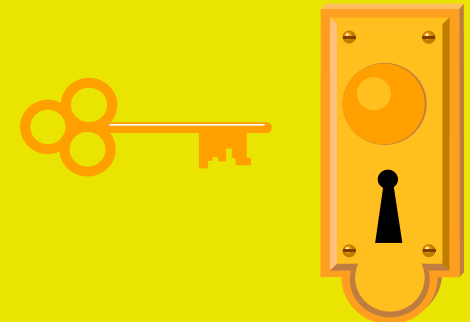
- **Attractive to investors/partners**
- **Protects investments**
- **Early revenue source**
- **Creates barriers to competitors**
- **Insurance via cross-licensing**
- **Enhances company image**
- **Distinguishes products from competitors'**
- **Increase company value**
- **Asset**
- **Reach end game**

Evolution of Your Business

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- **Conception: The Great Idea**
- **Starting the Business**
 - Networking, networking, networking
 - Raising \$\$\$
 - Staffing/Partnering for development
- **Making \$\$\$: Return On Investment (ROI)**
 - Controlling Competition
 - Licensing
- **Exit strategy?**

In each phase,
IP is Key



In the beginning....

- Our protagonist, “E”, has a great idea
 - This is E’s “intellectual property”
- E needs to tell somebody all about it
 - Business/technical community
 - Potential partners
 - Potential investors
- **PITFALL**: disclosure without protection risks theft or potential loss of rights!



E’s first stop: intellectual property counsel

What type of IP protection?

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- **Type of protection depends on nature of E's great idea:**
 - **Device/system/material/process/method (including software): think utility patent**
 - **Advertising/marketing materials, website, written documentation: think copyright**
 - **Proprietary info (formula/algorithm/data/know-how): think trade secret**
 - **Brand name/slogan/image: think trademark or trade dress**

Selecting Patent Counsel

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- **Comfortable relationship**
 - Privilege
 - Educate
 - Advisor
- **Sufficient resources**
 - Team
 - Rest of firm
- **Stability**



TIP

Keep your patent attorney informed about business.

Selecting Patent Counsel (cont.)

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- **Understands your technology**
- **Relevant experience**
- **Diverse experience**

Ownership

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- **Inventor owns**
 - Unique to U.S.
 - Chain of title starts with inventors
 - Any single inventor can assign or license his/her right
 - Correct inventorship important for other reasons
- **Obligation to assign**
 - Hired to invent
 - Employment agreement/IP policy



TIP

Make sure chain of title is clear.

License

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- **From current patent owner**
 - Inventor(s)
 - Assignee
- **Exclusive**
 - Exclude competitors
 - Right to sue
 - Can approximate an assignment
- **Non-exclusive**
 - Freedom to operate



TIP

Seek right to sue.

Licensing — From Universities

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- **Value in early, university-licensed IP**
 - Often an important cornerstone in IP portfolio
 - Often dominant
 - Name recognition
 - Connection to/participation from world leaders
- **Unwise to rely on only in-licensed university IP**
 - Need to block commercial competitors
 - Government funding and rights resulting
 - Universities are not primarily concerned with commerce

Laboratory Notebooks

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- **Can clarify ownership of inventions**
- **Can establish invention date**
 - **Dated**
 - **Witnessed by a non-inventor**
- **Every day's work**



TIP

Have weekly witnessing parties.

A Patent

- Right to *exclude others* from making, using, selling, offering for sale, or importing the invention covered by the patent for a limited term in the U.S.
- Can control competition by hindering entry into market



Patent Rights

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- A patent does **NOT** give the owner the right to make, use, offer for sale, sell, or import the invention
- Could infringe others' patents

Standards of Patentability

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- **Patentable Subject Matter**
- **Useful (“Utility”)**
- **New (“Novel”)**
- **Nonobvious**
- **Disclosure requirements**

Novel

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- **Single piece of “prior art”**
- **In U.S.**
 - **Public use/knowledge prior to applicant’s invention**
 - **Issued patent, publication, or offer for sale more than 1 year before applicant’s U.S. filing date**
 - **U.S. patent filed by another prior to applicant’s invention**
- **Abroad, generally**
 - **Any public knowledge, use, sale, publication, etc. prior to applicant’s filing (priority) date**



TIP

File before disclosing invention.



TIP

After filing, disclose, disclose, disclose.

Nonobvious

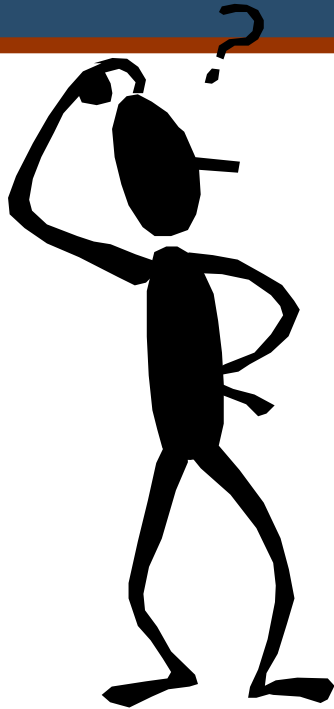
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- **Not obvious to someone of ordinary skill in the art**
 - **Threshold for patentability often lower than what experts might think**



Do not assume obviousness.

Disclosure Requirements



- Disclosure must be sufficient to enable one skilled in art to practice

- Must disclose best mode of practicing invention known to inventor at time of filing

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TIP

Disclose all that's known to patent attorney.

Provisional Patent Application

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Not examined by USPTO – cheap

- **Automatically becomes abandoned one year after filing**
- **From scientific paper to full patent application**
- **Utility application can claim “priority” to provisional**
- **Doesn’t start term clock**



TIP

File provisionals first.

Foreign Protection

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- **Within one year of applicant's earliest filing date**
 - Foreign national applications
 - PCT application, then nationals at 30 months from applicant's earliest date



**File PCTs to buy time
and/or defer costs.**

Foreign Filing Issues

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- **Where to file**
 - **Manufacturing locations**
 - **Competitor locations**
 - **Biggest markets**
 - **Future plans**
 - **Ability to enforce**

International Filing Issues

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- **How much will it cost?**
 - **Filing fees**
 - **Annuities**
 - **Prosecution costs**
 - **Translation(s)**
 - **Grant/issue fees**
 - **Opposition**

Build a Patent Portfolio

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- **Continuation/Divisional Applications**
 - Restricted-out inventions
 - Your evolved commercial interest
 - Competitors' commercial interest
- **New Applications**
 - Improve upon/complement your original invention
 - Anticipate how competitor would design around your patent
 - Anticipate current trends in technology and tie into emerging areas of technology



Larger portfolio exponentially increases competitor's risks and costs.

Cost Issues

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- **Significant investment**
 - **File early**
 - **File often**
 - **Don't be shortsighted and skimp on costs**
 - **Keep attorney informed of changed business plans**
- **Annual budget meetings**



**Your patent attorney can advise you
on cost saving/delaying strategies.**

Patent Infringement & Enforcement

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- **Money damages (triple if willful)**
- **Injunction**
- **Very expensive**
 - Money
 - Time
- **Counterclaims**
- **Intrusive**
 - Discovery



Avoid, if at all possible.



**Don't put damaging
statements in writing.**

How to Prevent Infringement (while still commercializing your invention)

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- **Study IP landscape in your space**
 - **Clearance/freedom to operate opinions**
 - Avoid treble damages
- **Design around**
 - **What do claims cover?**
 - **What limitations of claim can you avoid?**
- **License technology from patent owner**
 - **Cross-license**



TIP

Involve your attorney early.

How to Enforce a Patent (without getting involved in litigation)

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- **Business issue, not legal issue**
- **Negotiate royalty**
- **Negotiate business relationship**
 - **Marketing/distribution**
 - **Cross-license**
- **Wait until circumstances change**
 - **But avoid laches**

 **TIP**
Do NOT threaten suit.

IP Strategy

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- **File early and often**
- **Reassess strategy regularly with your patent attorney**
- **Work with your patent attorney to leverage your IP to further your business goals**

The logo for the Brown Forum for Enterprise features a series of black dots of increasing size arranged in a curved path from the bottom left towards the top right. A solid black dot is positioned at the top left of this curve.

Brown Forum for Enterprise

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