

Using Intellectual Property to Fuel Your Business

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Intellectual Property

- An intangible asset
- Tool for converting human capital into value by defining and capturing new knowledge

Patents

Trade Secrets

Trademarks

Trade Dress

Copyrights

Why Does IP Matter?

- More than defensive act against potential competitors
- Obtain, maintain, improve market share
- Generate income
 - Through sales and licensing
- Provide expectation of future profits
- Enhance value and image
 - In eyes of customers, investors, and financial institutions
 - In event of sale, merger, or acquisition

What is a Patent?

- The grant of exclusive rights for a limited duration as a reward for development of new technology
- Technology must be new and non-obvious

Current Framework for Patent System

- In 2007, Supreme Court clarified the law on what constitutes obviousness:
 - (A) Combining prior art elements according to known methods to yield predictable results
 - (B) Simple substitution of one known element for another to obtain predictable results
 - (C) Use of known technique to improve similar devices / methods / products in the same way
 - (D) Applying a known technique to a known device (method, or product) ready for improvement to yield predictable results
 - (E) "Obvious to try" - choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success
 - (F) Known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations are predictable to one of ordinary skill in the art
 - (G) Some teaching, suggestion, or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention
- The effect: an ease in the Examiner's burden in finding an application obvious

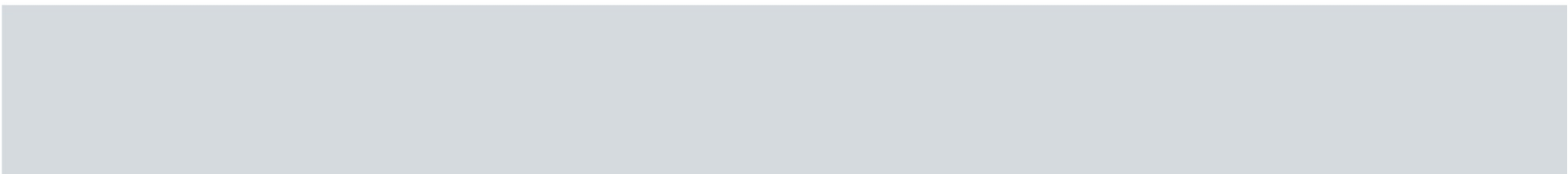
KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398 (2007);
Manual of Patent Examining Procedure § 2141

Effect of KSR on Chemical Cases

- KSR focuses on “predictability,” but chemistry can be considered an “unpredictable art”
 - *Abbott Laboratories v. Sandoz, Inc.*, 544 F.3d 1341 (Fed. Cir. 2008)
 - Combination or substitution of two compounds cannot always be confidently predicted as a combination or substitution of mechanical elements
 - *Proctor & Gamble Co. v. Teva Pharm. USA, Inc.*, --- F.3d --- (Fed. Cir. 2009)
 - Number of parameters that can be potentially varied in chemical arts is much greater and may not know what is critical or has potential for success
- Is there an expectation that the compounds would have similar properties?
- Are there superior or unexpected results?

Tips for Creating Strong Patent Rights

Deciding What to Patent

- Understand your technology and how it fits in the marketplace
 - What is the potential commercial value of the invention?
 - How easily can a competitor design around?
 - Who is the target infringer?
 - Is infringement easy/difficult to detect?
 - Do not limit to commercial product or what is monetarily feasible today
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Look Beyond “Typical” Subject Matter

- New products – of course!
- Don't forget methods
 - Methods of making
 - Methods of using (new uses of old products)
- Don't forget intermediates and components of products

Finding What's Inventive

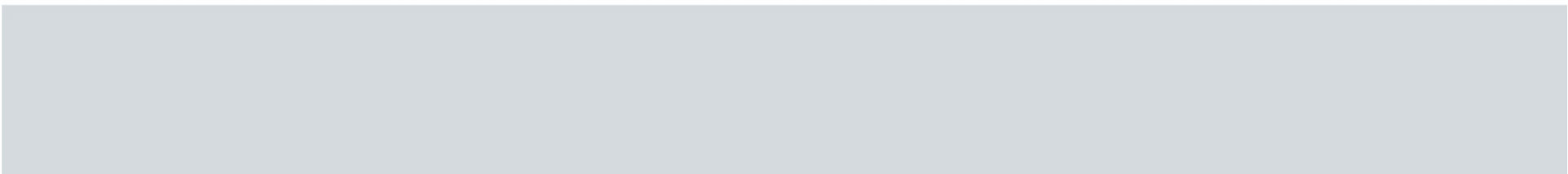
- Look to “Green Chemistry Principles”
- Emphasize to support non-obviousness
 - 1) **Prevent waste:** Design chemical syntheses to prevent waste.
 - 2) **Design safer chemicals and products:** Design chemical products to be fully effective, yet have little or no toxicity.
 - 3) **Design less hazardous chemical syntheses:** Design syntheses to use and generate substances with little or no toxicity to humans and the environment.
 - 4) **Use renewable feedstocks:** Use raw materials and feedstocks that are renewable rather than depleting.
 - 8) **Use safer solvents and reaction conditions:** Avoid using solvents, separation agents, or other auxiliary chemicals.
 - 10) **Design chemicals and products to degrade after use:** Design chemical products to break down to innocuous substances after use so that they do not accumulate in the environment.
 - 12) **Minimize the potential for accidents:** Design chemicals to minimize the potential for chemical accidents including explosions, fires, and releases to the environment.

From *Green Chemistry: Theory and Practice*, Paul Anastas & John Warner (Oxford University Press: New York, 1998)

Where Should We Patent?

- A patent is granted and enforced in a single country
- To possess exclusivity in a country, you must file a patent application there
- File first application in home country, then file foreign within 12 months

Foreign Protection of IP

- Global protection is costly (over \$500K to protect a single invention in 50 major countries over 20 year term of all foreign patents)
 - Any place you do not file, no claim to exclusivity
 - Should balance need for exclusivity with:
 - Cost
 - Ability to obtain and enforce
 - Return on investment
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When to File – To Have a Valid Patent

- Know that the United States and foreign countries have different laws on:
 - If a patent can be filed after disclosure events
 - First to invent vs. first to file (race to the patent office)

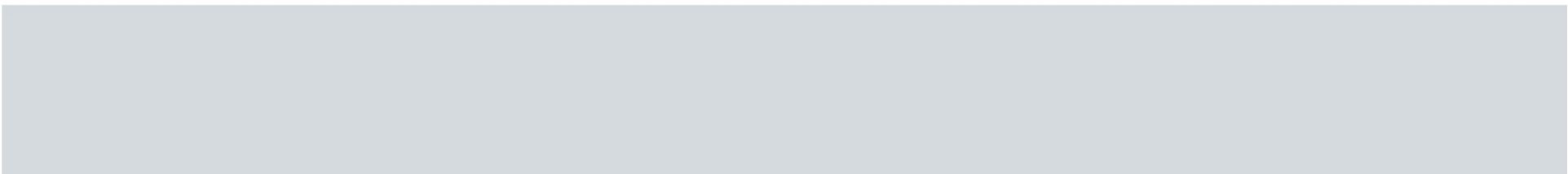
Why Patent?

- **Offensive Purposes**
 - Exclusivity / competitive advantage
 - Licensing: negotiating power and income
 - Enforcement
 - Positive Image
- **Defensive Purposes**
 - Protect freedom-to-operate
 - Cross-licensing

What Can Happen if You Don't

- Lose competitive advantage
 - Unable to prevent copycat competitors from “borrowing”
- Someone else may patent
 - Excluded from practicing your own invention
 - Forced to license from competitors

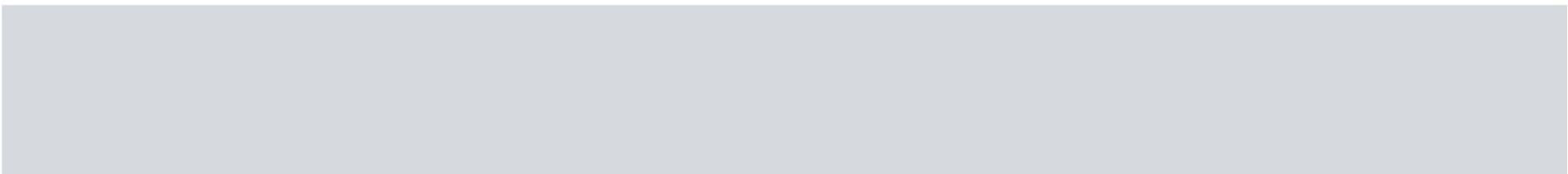
Tips to Help Spur Creation of Patent Rights

- Focus on individual and specific lines of business or technologies
 - Monitor competitors' filings and activity
 - Conduct regular brainstorming sessions
 - Employee education (all levels)
 - Who, what, where, when, why, how of patenting
 - Invention reward system
 - Appoint a technical person as IP Manager
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Cost Saving Measures

- Performing patent searches in advance of drafting
- Provisional application
- Delaying foreign IP decision through PCT
- Delaying start of examination
- Periodic review of portfolio

When Not to Patent?

- Trade Secret
 - A secret that gives its owner an actual or potential advantage in business or trade,
 - Owner must exercise reasonable measures to maintain as a secret
 - Rights can last indefinitely, but there is no protection if separately discovered
 - Defensive Publication
 - Publish to ensure freedom-to-operate and prevent patent attempts by others
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Potential Liabilities & Minimizing Risks

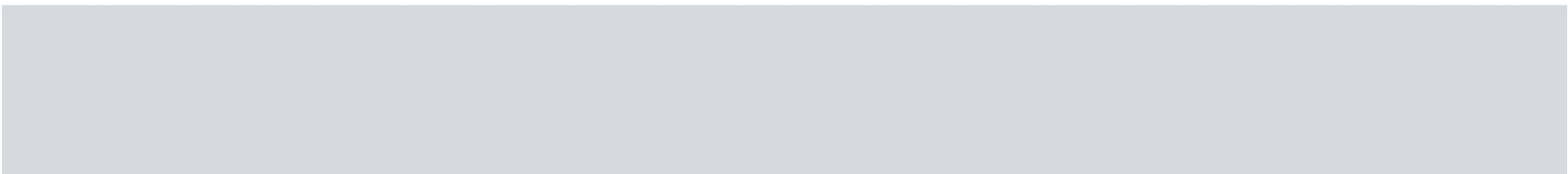
Freedom to Operate

- Always keep eventual commercialization in mind
- Must conduct patent searches before commercializing
- Patent Grant \neq Freedom to Operate

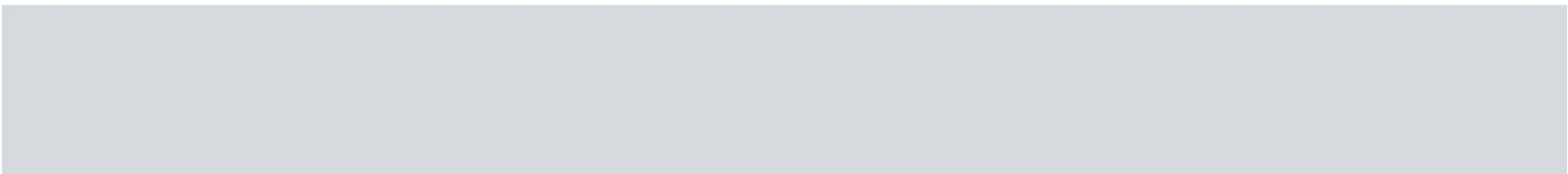
Appropriate Agreements in Place

- Employee
- Consultant
- Vendor/Vendee

Employee / Consultant Agreements

- Be aware of employee mobility
 - Be proactive – require all employees and consultants to sign agreements at start of employment
 - Include:
 - Confidentiality Provisions (use and disclosure)
 - Invention assignment provisions
 - Non-compete provisions
 - Non-solicitation clauses
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Vendor / Vendee or Collaborative Agreements

- Define who owns what before work is begun
 - Consider limitations on field of use
 - Confidentiality Provisions
 - Covers BOTH use and disclosure
 - Extends after end of cessation of agreement
 - Employee education on necessity of NDA (specific) prior to collaborative work
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Any Questions?

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