

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

Types of Intellectual Property

- Patents
- Trademarks
- Trade Secrets
- Trade Dress
- Copyrights

Why Does IP Matter?

- More than defensive act against potential competitors: increasing market value and future profitability
 - Generate income
 - Through sale, licensing, commercialization of IP-protected products and methods
 - Provides expectation of future profits
 - Obtain, maintain, improve market share
 - Create brand and protect brand value
 - Enhance value and image
 - In eyes of customers, investors, and financial institutions
 - In event of sale, merger, or acquisition
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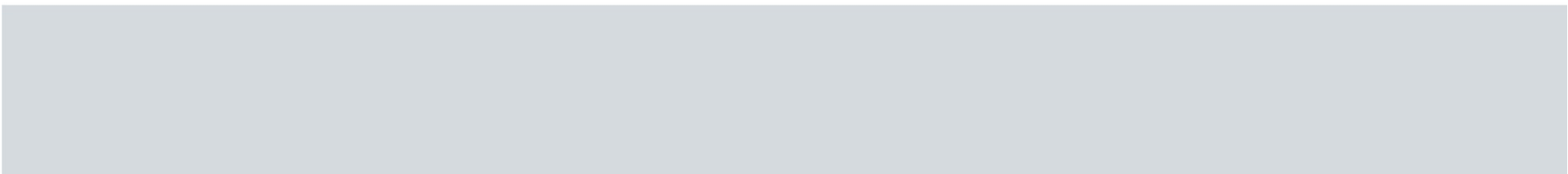
What is a Patent?

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

Who, What, Where, When, Why, How of Patenting

Tips for Creating a Strong Patent

Who - Inventorship

- A patent application must have the true inventors named
 - A legal question
 - An inventor is a person who contributes to conception of of at least one claim (more than well known principles)
 - Incorrect inventorship can result in patent being found invalid
 - Inventorship \neq Authorship
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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?

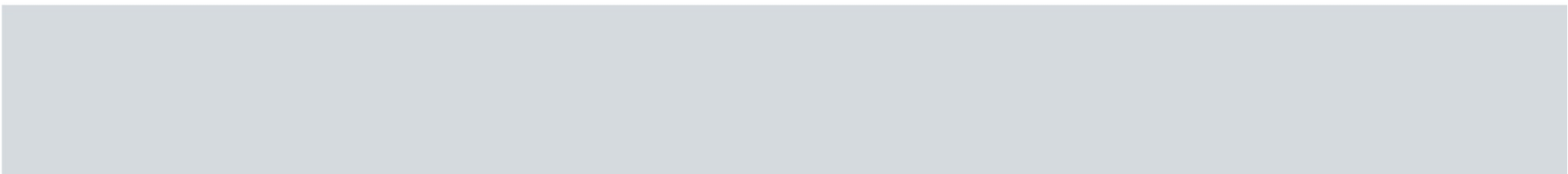
Look Beyond “Typical” Subject Matter

- 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

Considerations in What to Patent

- Who is the target infringer?
- Is infringement easy/difficult to detect?
- Consider potential design-arounds
- Do not limit to commercial product or what is monetarily feasible today
- Claiming an appropriate breadth
 - Fastener vs. pivot pin
 - Alkyl vs. C4-C8 group vs. hexyl

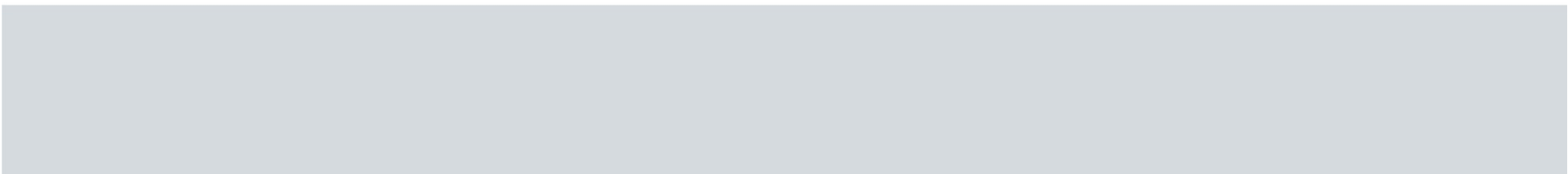
Considerations for Unpredictable Arts

- A chemical compound may be initially rejected by an Examiner as being obvious over a chemical compound having very close structural similarity and similar utility
 - Is there an expectation that the compounds would have similar properties?
 - Are there superior or unexpected results?
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Considerations for Unpredictable Arts

- Environmental factors can have a drastic effect on reaction pathways
- Small changes in bonding or the addition of an atom or a molecule to a chemical structure can have dramatic macroscopic and microscopic effects.
 - The addition of a side-group onto the polymer chain tends to turn a flexible polymer such as butadiene into a brittle polymer such as styrene.

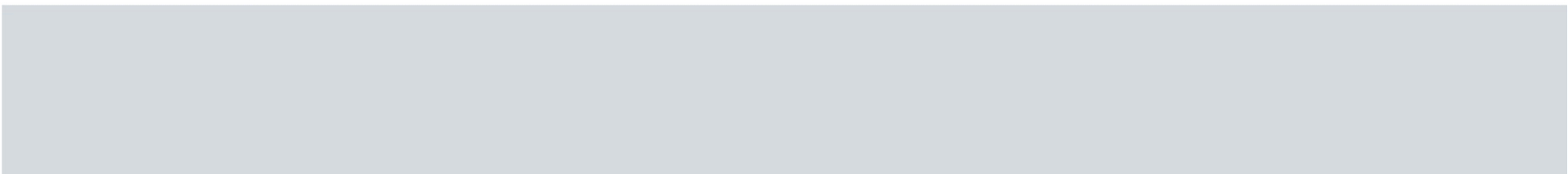
Where Should We Patent?

- 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
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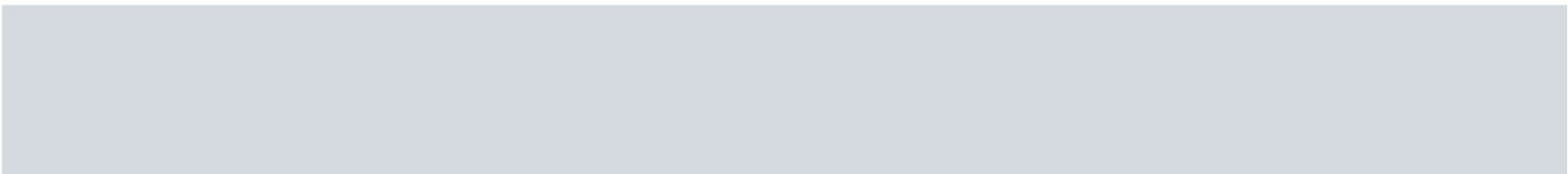
Foreign Protection of IP

- Global protection is costly (over \$500K for single invention in 50 major countries)
- 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

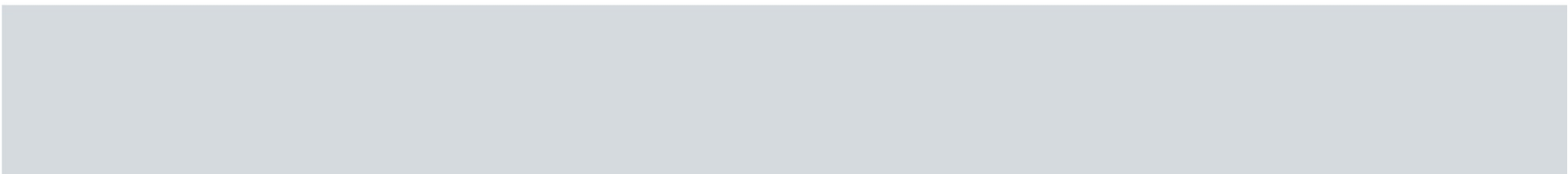
Need for Exclusivity

- Where is the market for invention
 - Who / where is the customer
 - Who / where is the competition
 - Where is manufacturing and use
 - How easy or costly to design around or copy
 - Offensive or defensive patent
 - Consequences to business if copied in Country X
 - What is patenting budget and what is competing for this budget money
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When to File – To have a Valid Patent

- Promptly after the inventor has determined how to achieve the results desired
 - Not necessary to wait for construction of a working embodiment to disclose or patent
 - Patents Filed in United States
 - A patent application must be filed within 1 year of any disclosure event of the invention described.
 - First to Invent – Can swear behind disclosure event within 1 year
 - Patents Filed in Foreign Countries
 - Generally, a patent application must be filed prior to any disclosure event of the invention described.
 - First to File – Race to the patent office
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What are Considered Disclosure Events?

- Publication or presentation of a technical paper or other description
 - Display at trade shows
 - Postings on the Internet
 - Outsourcing prototype manufacture without a non-disclosure agreement
 - Sale or offer to sell
 - Use of the invention in public (no trade secret protection enforced)
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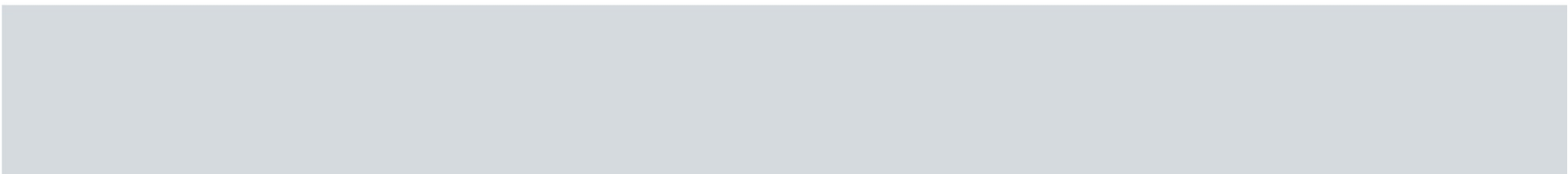
Why Patent?

- **Offensive Purposes**
 - Exclusivity/Competitive Advantage
 - Licensing: negotiating power and income
 - Litigation
 - Positive Image
- **Defensive Purposes**
 - Protect freedom-to-operate
 - Cross-licensing

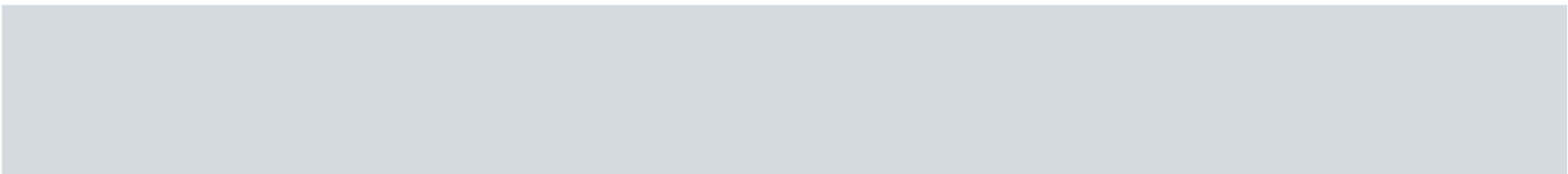
What Can Happen if You Don't

- 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

How - What to Include in Invention Disclosure

- A complete written disclosure of the invention
 - Attach drawings or sketches, reaction pathways
 - Disclose various embodiments, when possible
 - ALWAYS include the “best mode” (do not hold back)
 - Inventor and two witnesses sign and date
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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 decision through PCT
- Delaying start of examination
- Periodic review of application/patent

Attorney Selection

- Find attorney with similar technical background as invention
- Do not select simply based on cost
 - Should feel comfortable freely communicating all questions and concerns
 - Should be able to track down easily
 - Possesses schedule of standard charges

Patent Searching

- Who
 - In-house
 - Vendor search
 - Attorney search
- When
 - Prior to application filing
 - Prior to commercialization

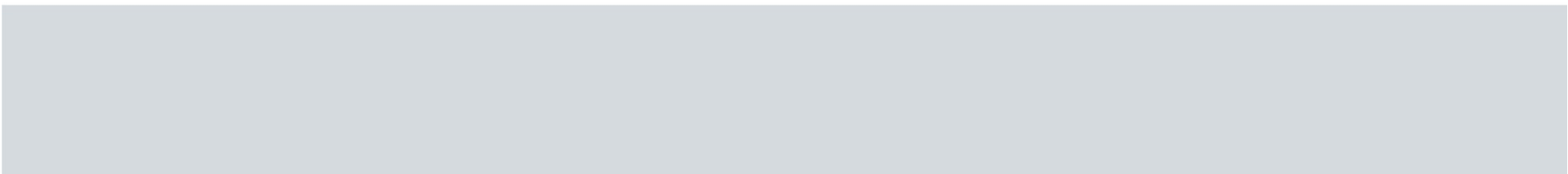
Patent Searching

- How crowded field is – likelihood of patent issuing
- How useful invention is in commercial market
- Whether licensing of others is required to practice
- How to design around and avoid infringement

When Not to Patent?

- Trade Secret
 - a secret that gives its owner an actual or potential advantage in business or trade,
 - which the owner exercises 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

Trademarks

- Almost every enterprise has a trade name and one or more trade or service marks
 - Effective use allows your products and services to be differentiated and more easily recognizable
 - Promote products / services and create loyal clientele
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Types of Trademarks

- Fanciful Trademarks
- Arbitrary Trademarks
- Suggestive Trademarks
- Descriptive Trademarks
- Generic Trademarks

Selecting a Trademark

- Balance of Interests
 - Marketing
 - It is helpful to choose trademarks that describe the product to the consume
 - Protection
 - Descriptive terms make the mark less distinctive and more difficult to protect

Protecting your Rights

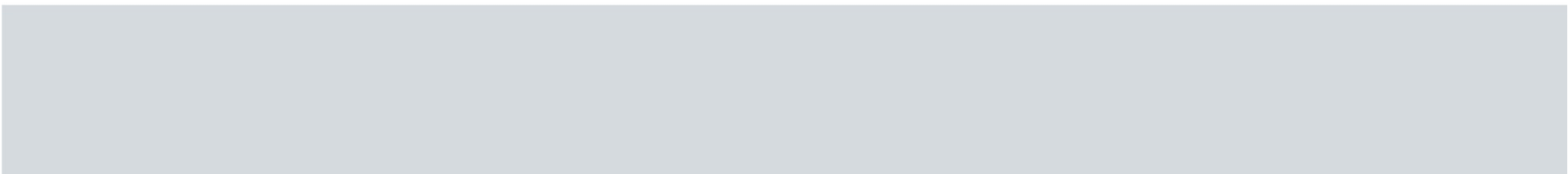
- Proper Use
 - Use of the mark as a proper adjective
 - Marks should not be used as nouns or verbs
 - Follow the mark with a descriptor or generic name, this will prevent the mark from becoming generic
- Loss of Right
 - Generic use
 - Inconsistent use
 - Failure to police

Potential Liabilities & Minimizing Risks

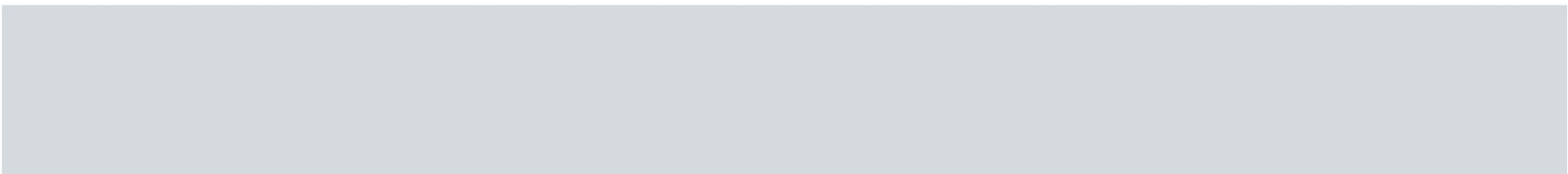
Freedom to Operate

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

When Presented with Notice of Patent by Third Party

- Request specifics (e.g., claim charts and accused products) from the patentee if letter is received
 - Request opinion if
 - Useful to make informed business decision
 - Close case – answer not clear
 - Invalidity/unenforceability position only
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Withholding Information from Attorney

- Provide all known prior art that is relevant to invention
 - The inventor and any individual within the company who are involved in the patent application
 - Must submit any known information that an Examiner would be likely to consider important in examining an application
 - Provide “best mode” for carrying out invention
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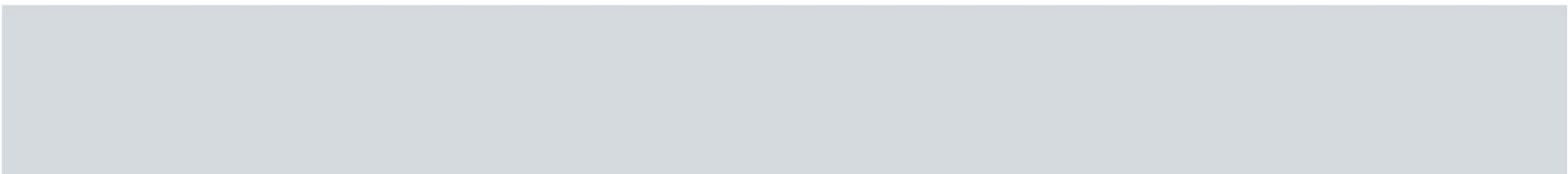
Appropriate Agreements in Place

- Employee
- Consultant
- Vendor/Vendee

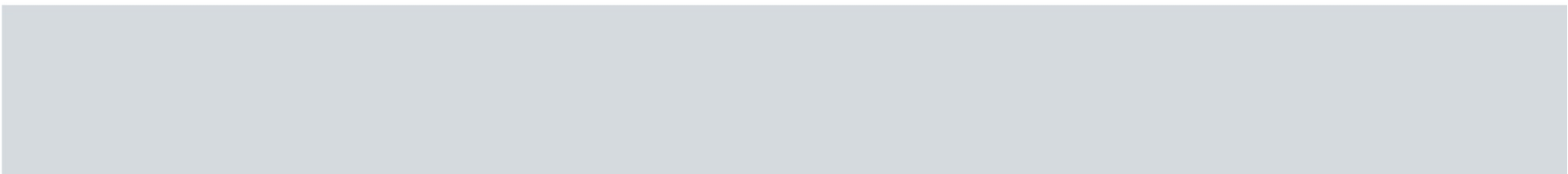
Employee / Consultant Agreements

- Be aware of employee mobility
- Be proactive – require all employees and consultants to sign agreements at start of employment

Employee / Consultant Agreements

- Confidentiality Provisions
 - Covers BOTH use and disclosure
 - Extends after end of employment
 - Invention assignment provisions
 - Assist in the preparation and enforcement of patent applications
 - Copyright assignment provisions
 - Non-compete provisions
 - Non-solicitation clauses
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Vendor / Vendee or Collaborative Agreements

- Define who owns what
 - 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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A Success Story **CDTECH**[®]



Inventor's Laundry Room
in 1977 – di-isobutylene
from isobutylene

- First patent issued in 1980
- First plant licensed in 1981
- Now 50/50 JV between subsidiary of Royal Dutch Shell and Lummus Technology
- Approx 800 worldwide patent publications to date



One of current licensed plants

Any Questions?

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