

# Patent Basics

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Steve Rummage  
Davis Wright Tremaine LLP

Anchorage  
Bellevue  
Los Angeles

New York  
Portland  
San Francisco

Seattle  
Shanghai  
Washington, D.C.



# Source of Patent Rights

## Government grant

- Right *to prevent others* from making, using, or selling patented invention
- Does *not* grant the right to make the invention
- In United States, controlled by federal law
  - U.S. Constitution establishes patent framework
  - Congress may make laws to “promote the Progress of Science and useful Arts, by *securing for limited Times* to Authors and Inventors *the exclusive Right* to their respective Writings and Discoveries”

# Patents Distinguished from Other IP

## *Copyright*

- Protects works of *authorship* in tangible medium
- Most *software* protected by copyright

## *Trademark*

- Protects word, name, symbol that identifies and distinguishes origin of goods or services

## *Trade secrets*

- Protects confidential business information that derives value from being *kept secret*
- Requires diligence to maintain confidentiality

# Why Do We Have Patents?

Encourages innovation by granting exclusivity

- In exchange, full public disclosure required
- Innovation can piggy-back on disclosed patents
- Alternative: Protection through “trade secret” law
  - Protect value of innovation by control & secrecy
  - Deters public knowledge & advancement

Criticism: Actually *deters* innovation

- Patent trolls: hold rights only to sue & license
- Restraints on production & research (e.g. pharma)

# What Can You Patent?

- Patent eligible categories:
  - Processes
  - Machines
  - Manufactures
  - Compositions of matter
  
- To qualify for patent, must be
  - Useful
  - Novel
  - Not obvious to one of ordinary skill in art
  - Fully & clearly described

# What *Can't* You Patent?

- Some things *cannot* be patented
  - Laws of nature (e.g., relativity)
  - Abstract ideas
  - Physical phenomena (i.e., products of nature)
- Current controversy:
  - Software (often yes)
  - Business methods (less common today)

# Why Get a Patent?

## 1. Offensive Value

- Protect your inspiration!
- Establish licensing program to generate royalty revenues
- Stop competitors from using patented technology
- Leverage cross-licenses to competitors' patented technology

## 2. Defensive Value

- Prevent others from patenting the same invention
- Discourage predators, pirates and copycats
- Bargaining chips with competitors threatening infringement

## 3. Create Assets

- Enhance value to investors by creating legally protectable assets
- Convert technological developments into something you can sell

## 4. Marketing Value

- Add credibility to product's technology
- Distinguish product from competitors' products

# Types of Patents

## Utility Patents

- New & useful process, machine, manufacture, composition of matter, or new & useful improvement (35 U.S.C. § 101)

## Design Patents

- Original, *ornamental* design for article (35 U.S.C. § 171)
- Covers *non-functional* appearance (shape, texture, etc.)
  - iPhone: “thin rectangular cuboid with rounded corners”
  - Apple jury verdict for \$1.05 billion against Samsung
  - Eventually resolved for \$539 million

## Plant Patents

- Asexually reproduced new plant variety (35 U.S.C. § 161)



# Business Method Patents

- Method of *conducting business transaction*
  - Novelty lies in unique way of conducting transaction
  - More than “well-understood, routine, conventional activity, previously engaged in by those in the field”
  - But not easy to get: 20 denied for every 1 granted
- Sample business method patents:
  - The “1-Click” patent of Amazon.com (5,960,411)
  - Amazon.com patent for Internet-based referral system (6,029,141)
  - Pizza Hut patent on method for delivering pizza (4,632,836)
  - Smucker’s patent on method for crustless PB&J (6,004,596)
  - Child’s patent on a method of swinging on a swing (6,368,227)
  - ***Not clear any would be granted today***

# Provisional Patent Application

Provisional application = informal “placeholder”

- Less formal—but still requires full disclosure.
- If file non-provisional application within 1 year, ***treated as filed on same day as the provisional application.***

Provisional gives strategic opportunities

- ***Can use patent pending notice*** to discourage copying.

Use when can't wait or can't pay

- Need to file ASAP (e.g., disclosed nearly 1 year ago)
- Can't afford to pay for a real app (provisional costs less)
- Don't want to file “real” application until interest expressed

# Patent Ownership

**Inventions often have multiple inventors**

- Joint owners of the invention

**Absent agreement, *each* joint owner may –**

- make, use, offer to sell, or sell patented invention
- *without consent of and without accounting to the other owners* (35 U.S.C. § 262)

***Co-owners should have written agreement controlling commercial exploitation***

**Patents are personal property**

- Inventor can assign or sell patents

# Who Owns the Patent: Employer or Employee?

- *Varies from state to state*
  - Most imply *duty* to assign inventions to employer
- Employment agreements often clarify
  - Typically spell out duty to *disclose and assign inventions* to employer and assist in protecting
  - Typically also include confidentiality provisions
  - Some states (e.g., Washington) require written notice of employee's rights to prevent overreaching
- But patents must be applied for, and will issue, in name of the *individual* inventor

# Employer Shop Rights

Even if employer doesn't *own* employee's invention, employer may have *shop rights*

- A “shop right” may exist if:
  - Employee made invention on employer's time
  - *Or* using employer's facilities or materials
  - *Or* using employer's proprietary information
- If shop right exists:
  - Employee *owns* invention & can grant licenses
  - But employer has implied *royalty free license*
- Ever see “Silicon Valley”?
  - Shop rights at center of plot

# When to File a Patent Application

**Lesson:** Don't sleep on your rights

Must ***timely file*** to avoid losing patent rights.

- In U.S., limited ***one year grace period*** after disclosure
- Most foreign countries use “absolute novelty standard”
  - Requires application before ***any*** public disclosure
  - E.g., demonstration at trade show or in publication
  - ***But*** can delay filing foreign apps 1 year from U.S. filing
- ***Strongly encouraged*** to file US application ***before*** disclosing

# Content of Patent Application

Publication is *quid pro quo* for patent rights

- Must have detailed ***description and drawings***
  - So one of “ordinary skill in the art” could make
- Must include one or more “claims” for invention
  - Must “claim” the invention
  - Utility patent: “claims” describe coverage
  - Design & plant patents: drawings describe coverage
- Must ***honestly*** and ***fully*** disclose prior art
  - Failure can render patent ***unenforceable***



# Drawing Example #1

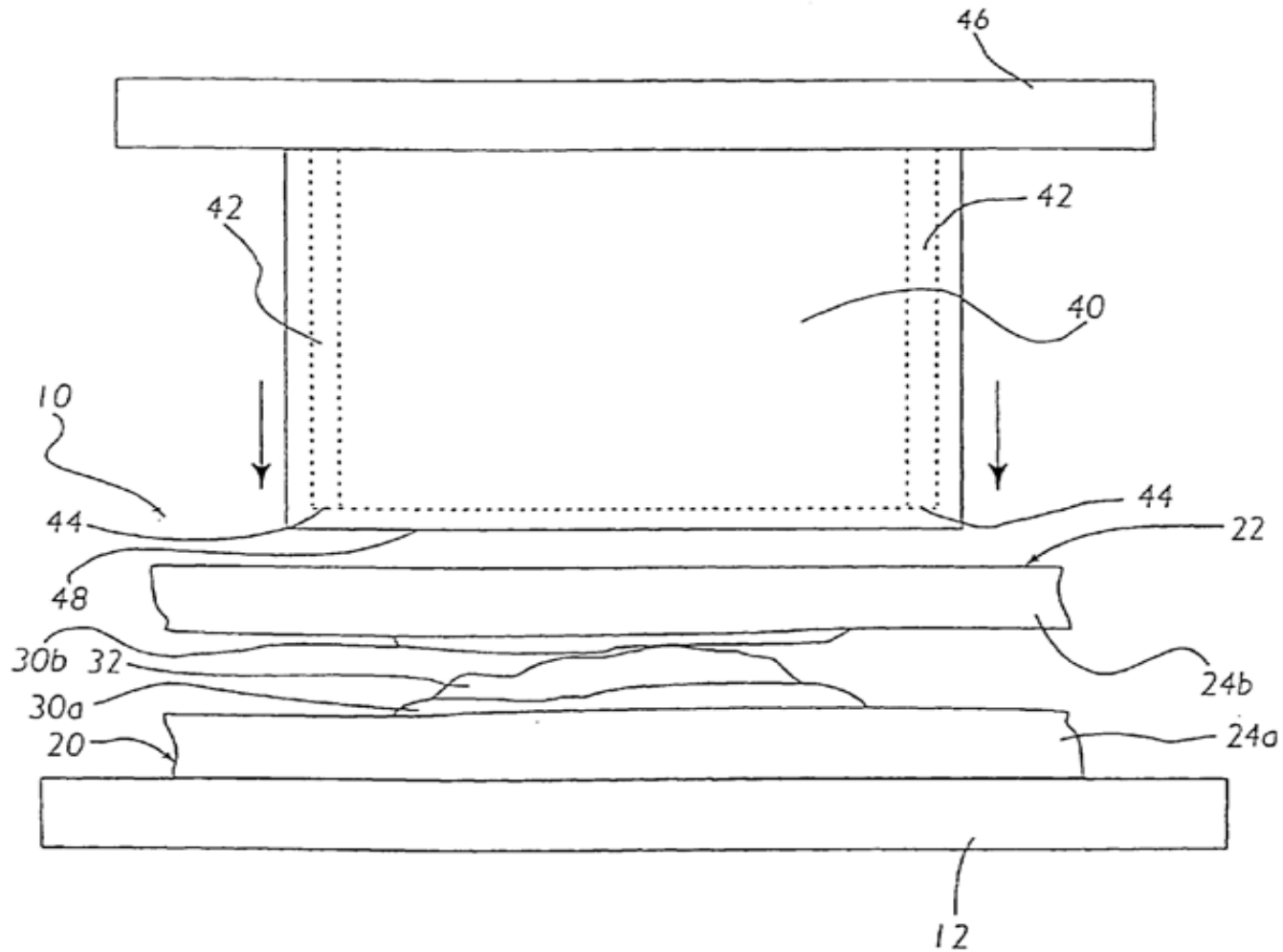


FIG. 1





# Drawing Example #2



US006368227B1

(12) **United States Patent**  
**Olson**

(10) **Patent No.:** **US 6,368,227 B1**  
(45) **Date of Patent:** **Apr. 9, 2002**

(54) **METHOD OF SWINGING ON A SWING** 5,413,298 A \* 5/1995 Perreault ..... 248/228

(76) **Inventor:** **Steven Olson**, 337 Otis Ave., St. Paul, MN (US) 55104 \* cited by examiner

(\* ) **Notice:** Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.  
*Primary Examiner*—Kien T. Nguyen  
(74) *Attorney, Agent, or Firm*—Peter Lowell Olson

(21) **Appl. No.:** **09/715,198**

(57) **ABSTRACT**

(22) **Filed:** **Nov. 17, 2000**

(51) **Int. Cl.** ..... **A63G 9/00**

A method of swing on a swing is disclosed, in which a user positioned on a standard swing suspended by two chains from a substantially horizontal tree branch induces side to side motion by pulling alternately on one chain and then the other.

(52) **U.S. Cl.** ..... **472/118**

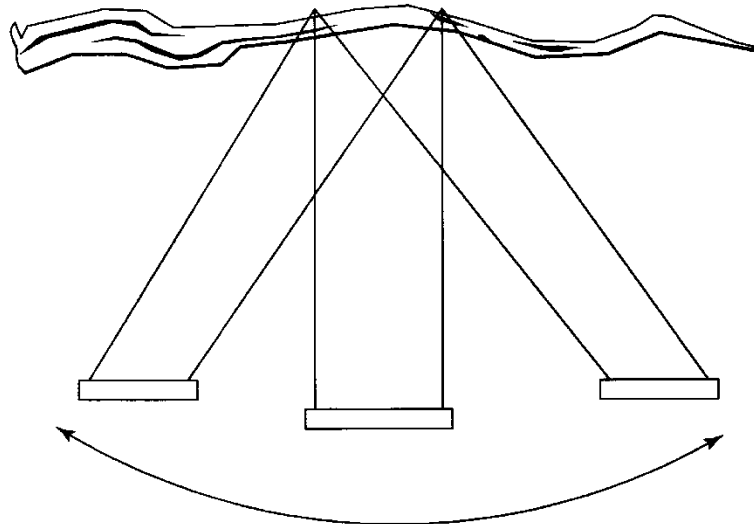
(58) **Field of Search** ..... 472/118, 119, 472/120, 121, 122, 123, 125

(56) **References Cited**

**4 Claims, 3 Drawing Sheets**

**U.S. PATENT DOCUMENTS**

242,601 A \* 6/1881 Clement ..... 472/118



# Patent Office Examination

Patent Office searches for “prior art”

Then issues “Office Action”

- Commonly challenges claims as within prior art
- Multiple Office Actions often required
  - No new patented matter can be added in process
  - But can revise & add *claims*
- Publication of applications
  - U.S. publishes utility patent applications in 18 mos.
  - Applicant for U.S. patent can *opt out* of U.S. publication
  - If so, invention confidential *if* no patent issues

# Issuing a Patent

- Invention must be *useful, novel & non-obvious*
  - Patentability does *not* equate with excellence
  - Even simple (i.e., “elegant”) solutions often patentable
  - *Inventors often underestimate patentability*
  - Consult lawyer or patent agent before disclosing
- May take *1-3 years* to utility patent issuance
  - Time depends on U.S.P.T.O. backlog
  - Time also varies depending on technology
    - Software: first examination 2 years from filing
    - Biotech: first examination 1.5 years from filing
- If long delay, Patent Office *will* extend term

# Foreign Rights

*Protection of patent is limited to the country issuing the patent*

- Must file in **every** country where want rights
  - One application can cover rights in EU
  - But must translate and register European patent in member countries
- May be desirable to delay foreign applications
  - May file foreign appl within one year of U.S. app
  - 30 months to file applications in member countries
  - Allows delay while situation develops

# Invalidating Patents

## *Issued patents can be challenged*

- Can bring a challenge in the Patent Office
  - Anyone can request re-examination.
  - Can request an *inter partes* review
  - Special procedures to challenge business method patents
- And can bring a challenge in court
  - Lawsuits commonly challenge to validity
  - Always a risk of suing for infringement

# Enforcing & Monetizing Patents

Generally enforce through *civil lawsuit*

- Patent owner usually seeks:
  - money for past infringement
  - injunction prohibiting future acts of infringement
- Must show accused infringer practices at least 1 claim

Accused infringer can challenge validity

- Infringer may rely on any ground of invalidity
- Prior art & patent eligibility a common challenge
- May challenge patents in court or in patent office

Patent litigation *exceptionally expensive*

- Average > \$1,000,000
- Often a *lot* more

# Infringement – Injunctive Relief

Historically remedies included *injunction*

- Preventing *future use* of patented invention

Supreme Ct. *eliminated* injunction presumption

- Now, patent holder must satisfy new four-part test
- Public interest can't be "diserved" by injunction

Now, courts often refuse injunctivce relief

- Particularly to "patent trolls"