

PATENT PROTECTION ¹

The United States patent system was created to help achieve various socially desirable goals. By providing an inventor with an exclusive right to exclude others from making, using, or selling an invention for a limited period of time, a patent rewards an inventor for the time and effort expended in developing the invention, thereby encouraging further creative efforts. Also, most new inventions have uncertain commercial value, and the patent system provides a degree of protection from competition for a limited period of time, thus encouraging investment in new technology. Additionally, the patent system encourages inventors to make their inventions known rather than to maintain them in a state of secrecy, thereby increasing the amount of technological knowledge available to the public. Finally, the patent system helps to aid in the sale or transfer of technology both within the United States and in foreign countries, by giving a commercially tangible form to otherwise intangible ideas.

At the outset of the patent discussion, it must be emphasized that the U.S. Congress passed a number of significant changes to U.S. Patent Laws in September 2011. The law is commonly referred to as The America Invents Act. Several changes in the Act take effect immediately. These changes will be discussed below in the following sections. However, several of the more sweeping changes will be phased in over the next several years and so they will not be discussed. Some of these changes taking effect in the next several years include:

- First To File System (rather than the U.S.'s current first to invent system) – Effective March 16, 2013
- Post Grant Oppositions (the U.S. currently does not have this system) – Effective for patent applications filed on or after March 16, 2013
- Inter Partes Review – Effective September 2012
- Supplemental Examination – Effective September 2012
- Third Party Submissions of Prior Art – Effective September 2012

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REQUIREMENTS FOR PATENTABILITY

There are several major hurdles an inventor must overcome before patent protection can be obtained. First, the applicant for patent must be able to demonstrate that he or she has developed a new, useful, and not obvious process or product. Since a patent cannot be obtained unless the invention is new, the invention must not have been known or used by others in the United States or patented or described in a publication in the United States or any foreign country before the invention was made by the applicant. In addition, if the invention was patented or described in a publication anywhere in the world or in public use or sale in the United States more than one year prior to the date of filing the application, the patent will be denied. The invention must also be capable of some beneficial use, and cannot be "frivolous, fraudulent, injurious to morals, health or good order." The invention must also not be obvious, which is the most common reason for Patent Office rejection. It may well be that the invention is something that has never before existed; but, if the Patent Office determines that a mythical person having access to all the available information concerning that particular field of technology would have "known" how to make the invention, then the invention is rejected as being obvious.

A simplified example of an obviousness rejection is as follows:

Suppose a person invents a coffee cup having a square rather than a rounded handle. It may be that such a product has never before existed. However, if the Patent Office finds that a square handle has been used previously on some other device, such as a suitcase, it may well determine that putting a square handle on a coffee cup would have been obvious to an imaginary person who is knowledgeable about all publicly available information.

The invention must also fit into one of the categories of patentable subject matter. Thus, the invention must be new, useful, and non-obvious, and be either a:

- Process;
- Machine;
- Manufactured article;
- Composition; or
- An improvement of any of the above.

The term "process" means a process, art, or method, and it includes a new use of a known process, machine, manufactured article, composition of matter, or material. A process may also be defined as one or more steps or acts performed on materials to produce a result. An example of a process would be the use of DDT to kill insects. The term "machine" includes mechanical devices or combinations which perform some function and produce a certain effect or result. Examples of machines include carburetors, vacuum cleaners, and lawn mowers. A "manufactured article" refers basically to any product or thing made by industry or man. Examples of manufactured articles would be carpets, toothbrushes, and purses. A "composition" is matter formed by the mixture of two or more ingredients. Examples of compositions are drugs, insecticides, adhesives, and electroplating solutions. An "improvement" is an addition, simplification, or variation relating to an existing machine, process, manufactured article, or composition of matter. Several

Court decisions have provided further guidance on subject matter which is included in the categories of patentable subject matter. For example, the Courts have determined that both software and certain business methods are patentable.

The tests to determine if software and business methods are eligible for patent protection are fairly complex. One test which is useful, but is not the sole test, is whether the claimed invention is tied to a particular machine or apparatus; or if the claimed invention transforms a particular article into a different state or thing.

In other words, in addition to being new, useful, and not obvious, software and business method inventions generally must be (1) tied to a particular machine, or (2) include a transformation of a physical article or material from one state or thing into another. For example, a business method invention that involves the operation of processing steps on a computer may be considered patentable subject matter if the invention is further tied to steps performed by the computer -- because the inclusion of the computer ties the process to a particular machine.

If the software or business method invention does not include a particular machine or involve a transformation, it is possible that the invention could still be patentable, but the current laws somewhat disfavor these types of inventions and a patent may be difficult to obtain.

TYPES OF PATENTS AND LENGTH OF PROTECTION

The type of patent described thus far is known as a utility patent. The term of utility patents was changed after passage of the General Agreement on Tariffs and Trade (GATT) as follows:

1. For utility patents filed on or after June 8, 1995:

Term of twenty years from the date of filing. However, see further details below.

2. Issued and enforceable patents which issued prior to June 8, 1995:

The term of these patents is automatically modified to the longer of: (a) twenty years from the date of filing; or (b) seventeen years from the date of issue.

3. Issued and enforceable patents which issued prior to June 8, 1995:

The term of these patents is the longer of: (a) twenty years from the date of filing; or (b) seventeen years from the date of issue.

When calculating the twenty (20) year rule, if the application relies on an earlier filed application, then the earlier application's filing date is used.

As indicated above, a twenty-year term from the date of filing (or priority date if earlier) is the current term of recently filed U.S. patents. The American Inventors Protection Act of 1999 introduced an opportunity to increase the term based on administrative and other delays on the part of the U.S. Patent Office. Any increase in the term is offset by delays by the applicant to engage in reasonable efforts to conclude prosecution. This new provision applies to all applications filed after May 29, 2000. Note that you cannot have a negative adjustment to the term (e.g., you

cannot reduce the term to less than 20 years under the provision).

Examples of delays by the applicant which will reduce any term extension are:

- failure to file a response to a U.S. Patent Office Action within (3) months;
- filing supplemental responses; and
- using specific types of certificates of mailing.

The list of delays is quite lengthy, but the common thread running through the delays is that responses to U.S. Patent Office inquiries must be made timely and thoroughly.

A second type of patent is known as a design patent, which is available for anyone who invents any new, original, and ornamental design for an article of manufacture. In other words, design patents cover only the specific appearance of the article, rather than the concept of the article itself. Patents for designs are granted for a term of 14 years. Examples of articles for which design patents have been obtained are lamps, vases, and furniture.

A new third type of patent application was introduced by the GATT based changes to the U.S. laws.

This third type of application, known as a “provisional application” is intended to provide a method for an applicant to gain an early U.S. filing date relatively inexpensively. For example, currently, the Patent Office filing fees for a provisional application are approximately \$60 to \$250. The life of the provisional application is one year from the date of filing and is non-extendible. During this time period, the application is not examined. Also, the twenty (20) year term of any patent issuing from the application does not begin to run (unless a direct conversion to a utility patent is made). Accordingly, so long as a regular utility application is filed claiming priority to the provisional application, instead of filing a direct conversion application, then the twenty year term is not affected by the provisional application.

Like a regular utility application, the provisional application must list inventors, provide drawings (if necessary for an understanding of the invention), and comply with disclosure and best mode requirements, among others. However, no claims are required in the provisional application.

If the applicant wishes to maintain the benefit of the provisional application, a regular application must be filed while the provisional application is pending (e.g., before the expiration of the one-year life). In addition to adding claims and complying with other matters, the regular application must also include at least one inventor who was listed as an inventor on the provisional application.

Although the pendency of the provisional application may not begin the twenty year term of a U.S. patent, the filing does commence the one-year Paris Convention priority period for filing foreign applications. Therefore, foreign filings must be filed by the first anniversary of the earliest provisional application. Because these are general rules, you should be sure and discuss the strategies, as well as the pros and cons, of filing a provisional application with your attorney before doing so.

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PATENT APPLICATION COMPONENTS

A patent application can only be filed with the Patent Office by the actual inventor or his or her representative. The basic elements of a patent application are as follows:

- A specification, including a claim or claims;
- An oath or declaration;
- Drawings, when necessary; and
- A filing fee.

A specification is a written description of the invention or discovery that must clearly and concisely describe the manner and process of making and using the invention. It must be specific enough to enable a person who is knowledgeable in the particular area to which the invention relates to make and use the invention. In addition, the specification must describe the invention in such a way as to distinguish it from other previously known inventions.

The specification must conclude with a claim or claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his or her invention or discovery. The claims legally define the patentable features of the invention. Each claim is a single sentence describing precisely what new, useful, and nonobvious features constitute the actual invention. The claims are the most important part of an application since the monopoly granted by a patent covers only the material appearing in the claims. An example of a claim for a type of billiard table having a novel cushion is as follows:

A playing table comprising: a playing surface and a raised marginal edge portion surrounding said surface, said raised marginal edge portion having a longitudinally extending recess therein, and a cushion consisting only of a base disposed in said recess and a downwardly accurately extending cantilevered lip integral with said base and extending away from substantially the top of said base.

The applicant is required to furnish a drawing of his or her invention when necessary for understanding the nature of the invention. In other words, if it is possible to draw the invention, a drawing must be included. As many drawings as are necessary to fully describe the invention are required.

An oath or declaration must be signed by the inventor(s) and filed with the application, stating that the named inventor is believed to be the original inventor of the invention which is claimed. The oath must also acknowledge the applicant's duty to disclose any information known to or later discovered by the inventor which is relevant to the examination of the application by the Patent Office.

The Patent Office also requires the submission of an Information Disclosure Statement by the applicant. An Information Disclosure Statement contains a listing of patent publications and other information of which the applicant is aware and which is relevant to the examination of his or her application. An applicant must submit this document in order to comply with the duty of candor and good faith toward the Patent Office. Failure to do so could later enable another party to invalidate the issued patent.

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EXAMINATION OF THE PATENT APPLICATION BY THE PATENT OFFICE

An application filed in the Patent and Trademark Office is assigned for examination to a group of patent Examiners having responsibility for the category of inventions to which the application relates. The Examiner is charged with making a thorough study of the application and all of the available public information pertaining to the subject matter of the claimed invention.

It is the Examiner's job to determine whether the invention is patentable as claimed, so the Examiner determines whether the invention is new, non-obvious, and useful. In addition, the Examiner determines whether the application complies with certain formalities and various other statutory requirements. After the initial examination is completed, the applicant is notified of the Examiner's decision in a communication known as an "Office Action". The Examiner may allow claims, reject claims, object to formal matters, or any combination thereof.

If an Examiner allows a claim, it means that he or she believes the claim is patentable and that a patent should be issued incorporating that claim. If the invention is not considered patentable, or not considered patentable as claimed, the claims will be rejected, and the Examiner will give reasons and cite references to explain the decision.

Examiners sometimes issue an objection, which is a refusal to allow a claim because its form is improper or because some other part of the application is defective. An objection, as opposed to a rejection, is usually easily overcome.

As stated earlier, the Examiner will inform the applicant of the reasons for any adverse action taken on the application. He or she will also provide the applicant with any information or references on which the decision is based. If the Examiner's action is adverse in any respect, and the applicant wishes to persist in the application for a patent, the applicant must reply to the Examiner's comments and request reconsideration. In particular, the reply must specifically point out the supposed errors in the Examiner's action and respond to every ground of objection and rejection. The applicant may choose instead to amend the application and state how his or her amendments avoid the references or objections raised by the Examiner. After a response is filed by the applicant, the application will be reconsidered, and the applicant will then be notified of the Examiner's decision in the same manner as was done after the first examination. On the second or after any later examination or reconsideration, the rejection or other action may be made "final." The applicant's response is then limited to an appeal to the Patent Office Board of Appeals (in the case of the rejection of any claim), a petition filed with the Commissioner of the Patent and Trademark Office (in the case of objections or requirements not involving the rejection of any claim), or a continuing application (discussed below).

THE EXAMINER'S INCENTIVES

The Patent Office evaluates its patent Examiners primarily according to the number of applications they process. Examiners, therefore, have no incentive to spend very much time on any one application, as it is to their benefit to process applications as quickly as possible.

The Examiner typically does not take the time to read and study an application at length. An Examiner usually does a quick search to discover all of the relevant patents and other public information pertaining to the claims in an application. The Examiner then typically sends the applicant a letter (Office Action) rejecting the claims as being obvious in view of the material he or she has discovered during his or her search. The applicant must then respond by carefully explaining and distinguishing each cited reference, thereby demonstrating to the Examiner that a patent should be issued. This routine saves the Examiner time since the applicant has spent his or her own time figuring out why the references cited by the Examiner are not particularly relevant – instead of the Examiner taking the time to do so. Thus, claims that are originally rejected by an Examiner may be frequently later allowed after the Examiner has had the opportunity to read the applicant's response distinguishing the invention from the cited references.

To be fair to the Patent Office, it should be noted that there are second-set-of-eyes quality checks at points in the prosecution to insure a level of examination quality. Also, the current Commissioner of the Patent Office has made it a priority to further improve patent quality and processing times.

THE EXAMINER'S EXPERTISE

Patent Examiners all possess some type of technical training, and a particular category of inventions is assigned to each examiner. Some categories are very narrow, and one Examiner, for example, may only handle applications based on the manufacture of electronic circuit boards. Such an Examiner will thus acquire a great deal of expertise on the subject of such circuit boards.

However, some Examiners are assigned a broad category of inventions to examine. This is simply due to the fact that the inventions can only be divided up into so many categories. Hence, it is very likely that such an Examiner will be dealing at times with inventions with which he or she is not very familiar. Thus, part of the application process may necessarily include educating the Examiner as to the particular problems or advantages addressed by the invention to which the application relates.

OPTIONS AVAILABLE AFTER RECEIVING A FINAL REJECTION

Continuing Application

A continuing application is basically an original patent application that is refiled. The second application is entitled to the benefit of the filing date of the first application, and must be filed as a separate application before termination of proceedings on the prior application. Thus, after an applicant has received a final rejection, but before the examination proceedings have been terminated, an applicant can file a continuing application and start the examination process all over again. A continuing application is appropriate where the original application contained

patentable subject matter but did not clearly identify or distinguish it from prior inventions. This procedure can be continued over several or more continuations, but it does involve the payment of additional fees by the applicant. The filing of a number of continuations may also significantly shorten the ultimate enforceable term of a resulting patent.

A more streamlined continuation application is also available. This type of application is known as a Request For Continued Examination (“RCE”). While the fees are similar to a regular continuation application, the advantage is that an RCE application receives a more favorable placement in the Examiner’s queue and is examined again more rapidly. However, in order to file this type of continuing application, the Applicant must respond to each of the Examiner’s objections and rejections raised in the original application.

Continuation-in-Part

A continuation-in-part is an application filed during the lifetime of an earlier application by the same applicant, repeating some substantial portion or all of the earlier application and adding matter not disclosed in the earlier case. The continuation-in-part application is entitled to the benefit of the filing date of the earlier application as to the common subject matter. A continuation-in-part application is appropriate when a patentable improvement of the original invention is developed after the original application is filed.

Board of Appeals

After the claims in an application have been rejected twice, or after a final rejection has been received, an applicant may, upon the payment of a fee, appeal the decision of the Examiner to the Patent Office Board of Appeals. Such an appeal is appropriate when the applicant feels that the Examiner’s rejection is clearly incorrect.

Federal Court

Any applicant dissatisfied with the decision of the Board of Patent Appeals may appeal to the United States Court of Appeals for the Federal Circuit. This is an unusual and expensive procedure that can only be justified for inventions having substantial commercial potential.

PRACTICAL CONSIDERATIONS

IDENTICAL INVENTIONS DEVELOPED BY TWO SEPARATE INVENTORS

An “interference” is a proceeding instituted in the Patent and Trademark Office when two or more inventors are claiming the same patentable invention. An interference may be declared between two or more pending applications, or between one or more pending applications and one or more unexpired issued patents. As noted above, currently in the United States, the first party to invent, not the first party to file an application, is entitled to receive the patent for the invention. Thus, although there is a presumption that inventions are made in the order of their respective filing dates, it is possible for a person with a later filing date to show that he or she was the first party to invent.

NOTE: The U.S. will change the underlying rule to a system rewarding the first to file in March 2013. Therefore, it is important that you consult with a knowledgeable patent attorney to discuss this issue if you plan to file an application around or after that date.

In an interference proceeding each party must submit evidence to the Patent Office to prove his or her actual date of invention. The Patent Office will then determine which party was the first to invent. In making this determination, the Patent Office will consider the following factors: the date on which each inventor mentally conceived the invention, whether the inventors were diligent in reducing their inventions to practice, and the date on which each inventor actually reduced the invention to practice.

As a practical matter, the number of interferences are rare relative to the number of applications filed each year. Also, interferences will be phased out as the U.S. changes to the first to file system.

This is another area of U.S. law that was amended after GATT. While the United States patent system is currently based on a "first to invent" standard, most other countries award patents based on "first to file." Previous U.S. patent law provided that activities which occurred outside of the United States could not be relied upon to prove a date of invention. Most often this worked to the detriment of foreign applicants because they were severely limited on the activities which they could use to prove a date of invention. However, after the effective dates of this portion of the GATT (and also NAFTA) legislation, applicants can rely on activities which occur in World Trade Organization countries after January 1, 1996 to prove dates of inventorship. For NAFTA countries, activities after December 8, 1993 in NAFTA countries can be relied upon. These changes are not retroactive, but instead apply only to applications filed after the above dates.

ONE YEAR GRACE PERIOD

An inventor has a grace period of one year (in the United States) in which to file a patent application. During that one year period, an inventor may place his or her invention in public use or on sale without losing his or her right to apply for U.S. patent protection.

However, many foreign countries require that a patent application be filed before there is any public disclosure. Therefore, if foreign protection is desired, the U.S. grace period may not be available. This is a very complex area of the law and so you should discuss this issue before any public disclosure occurs.

CONFIDENTIALITY

All U.S. applications filed after November 29, 2000, are published at eighteen (18) months from the filing date (or priority date if earlier). Because of this rule, applications now filed are being held to a higher standard with regard to format, completeness, and legibility. One benefit of the publication rule is that the applicant has "provisional rights" with regard to the published claims. This means that if the claims which eventually issue in the patent are "substantially identical" to those published, then additional damages may possibly be obtained against certain types of infringers for the time period between publication and issuance.

The main reason for not wanting to publish the application is that the invention will be disclosed and so cannot be maintained as a trade secret.

After publication, the entire contents of the application, other papers and responses filed by the Applicant, and Office Actions by the Examiner, are made available to third parties. Also, third parties can then submit patents and other materials which they believe are relevant to the patentability of the application. While this latter issue sounds ominous, in fact it may be beneficial to the applicant since any resulting patent will be stronger having been issued over additional closely related patents and materials.

For unpublished applications, no information concerning the application is given to anyone without the permission of the applicant except in special limited circumstances. If the applicant decides at some point not to continue the attempt to obtain a patent, the contents of the application will forever be kept in confidence by the Patent Office. It is only after a patent is actually issued that the information contained in the application is made public.

For cases filed after November 29, 2000, there is still an opportunity to avoid publication. This requires certification by the applicant that the U.S. Application will not be foreign filed. An applicant can change his or her mind, and file corresponding foreign applications, but the U.S. Patent Office must immediately be advised of this change. If the U.S. Patent Office is not advised within the prescribed time, the Application will be considered abandoned.

EXPERIMENTAL USE

A patent will be denied if an invention was in public use or on sale more than one year prior to the date of application. However, there is an exception to this rule known as “experimental use.” The “experimental use” exception permits some public use of the product by an inventor in order to enable him or her to perfect the invention before applying for a patent. The exception does not apply to situations where the use or sale of the device is mainly for profit and commercial purposes and the experimentation is merely incidental. For example, market acceptance testing is not considered to be an experimental use.

Any public experimentation should be no more extensive than reasonably necessary for the perfection of the invention. It is up to the Examiner to determine whether the scope and length of the experimental activity is reasonable in terms of the intended purpose of the tests and the nature of the subject matter involved.

PATENT PENDING

The words “patent pending” can be placed on an invention once the inventor has filed a patent application. After a patent issues, the patent number should be placed on the invention. The new 2011 Act further provides for marking a product with a website address and then placing the appropriate patent numbers at the website address. Failure to mark the product with the patent number can lead to reduced damages when enforcing the patent. Accordingly, marking is strongly encouraged.

There are also laws against improper marking. Therefore, care should be taken to only mark products covered by the patent and to remove the marking when the patent expires.

In some ways, the words “patent pending” can be a more powerful deterrent to a competitor than the actual patent which later issues. When a competitor sees the words “patent pending” on a product, it has no idea what feature or features of the invention are being claimed in the pending patent application. Suppose for example, that the applicant places the words “patent pending” on a vacuum cleaner. The patent application may contain claims directed to a certain type of switch mechanism. However, a competitor would have no way of knowing this until the application publishes or the application issues as a patent in the case of a non-published application. The competitor might think that the applicant’s invention relates to the brush mechanism, the type of motor, or the hose assembly, and therefore, avoid copying any of these features.

Once the application publishes or the patent issues, however, the competitor will be able to obtain a copy of the application or patent almost immediately. It can then determine exactly what the inventor has claimed as the invention. Once the competitor discovers that the application or patent applies only to the switch mechanism, for example, the competitor can freely copy the other features of the vacuum cleaner without worrying about possible infringement. Keep in mind that an inventor cannot prevent “infringement” of his or her invention until a patent issues.

However, provisional rights described above may apply in this situation under the new laws – thereby increasing the risk to the competitor.

COST TO OBTAIN PATENT PROTECTION

The expenses associated with obtaining patent protection fall into two general categories: patent attorney fees and government fees, both of which are discussed below.

Patent Attorney Fees

Patent attorney fees include the cost of (i) drafting the patent application, (ii) completing the necessary formal documents, and (iii) drafting responses to the Examiner’s Office Actions issued during the examination of the application. The cost of drafting a patent application, including completion of the attendant documents, is highly dependent upon the complexity of the invention, but typically runs between about \$6,000 and \$15,000. The cost of drafting a response to an Examiner’s Office Action depends upon the complexity of the Action but typically runs between about \$1,500 and \$3,000. The patent application may be allowed on the first Office Action which would, of course, eliminate the cost of drafting a response. Patent attorneys typically work on an hourly fee basis. Very few are willing to work for a fee contingent upon profits to be derived from the patented invention. Further, patent attorneys typically require the prepayment of a substantial portion of the application costs. Patent attorney fees can be eliminated completely if the applicant drafts and prosecutes the patent application himself or herself. The Patent and Trademark Office does allow an applicant to file and prosecute his or her own patent application, and various publications are available to assist those wishing to file their own application.

Government Fees

At the time of printing this edition, the government fees include (i) a basic filing fee of \$380, a search fee of \$620 and an examination fee of \$250, (ii) an issue fee of \$1,740 (and a publication fee of \$300), and (iii) periodic maintenance fees which start at \$1,130, and later escalate to \$2,850 and finally to \$4,730. Government fees may be reduced by one-half if the applicant qualifies as a “small entity” which is defined as (i) an individual, (ii) a business with 500 or fewer full-time, part-time and temporary employees (weighted average), or (iii) a qualifying non-profit organization or institution. Whether the invention is licensed to an entity that would not qualify as a “small entity” is also considered in the determination of the appropriate fees to pay.

Additionally, the new 2011 Act establishes a “micro entity” designation that entitles that applicant to a 75 percent reduction in government fees. To qualify for micro entity status, the applicant must certify that he or she:

- Qualifies as a small entity;
- Has not been named as an inventor on more than 4 previously filed patent applications;
- Did not, in the calendar year preceding the calendar year in which the applicable fee is paid, have a gross income exceeding 3 times the median household income; and
- Has not assigned, granted, or conveyed (and is not under obligation to do so) a license or other ownership interest in the application concerned to an entity that, in the calendar year preceding the calendar year in which the applicable fee is paid, had a gross income exceeding 3 times the median household income.

The basic filing fee is due and payable upon filing of the patent application. Several controllable factors such as the existence of more than 20 claims, the existence of more than 3 independent claims, the late filing of necessary attendant documents, etc., may increase the basic filing fee. The issue fee is due and payable when and if the Examiner allows the application. The maintenance fees are due and payable 3-1/2 years after issuance (\$1,130), 7-1/2 years after issuance (\$2,850), and 11-1/2 years after issuance (\$4,730). The indicated maintenance fees may be reduced by small entity and micro entity status if applicable. Failure to pay any of the government fees when due can result in abandonment of the application and/or patent.

In summary, the total cost of filing and prosecuting a patent application typically runs between \$7,500 and \$18,000, and must be expended without any guarantee of success.

ENFORCEMENT OF PATENT RIGHTS

A patent entitles the patent owner to prevent others from making, using or selling the patented invention within the United States for the term of the patent. While others may make the patented invention outside of the United States, they are not permitted to sell or use the patented invention within the United States. Similarly, others are not allowed to make the invention in the United States for use or sale outside of the United States.

By bringing a court action against an infringer, the patent owner may seek both an injunction against the infringer, and the recovery of monetary damages. The scope of the injunction, as well as damages will be determined on a case by case basis and should be adequate to compensate the patent owner for the acts of infringement. In no event should the damages be less than a reasonable royalty for the use made of the invention by the infringer.

An alternative to bringing an action against an infringer is to offer the infringer a license to make the patented invention. Such a license may include an initial base payment, as well as a royalty for each unit of the patented invention that the licensee would make, use or sell.

A patent may have method, apparatus or product claims, or a combination of all three. If the patent includes apparatus or product claims, other persons will be prevented from making, using or selling the specific product or apparatus. If method claims are granted, others will be prevented from using the same method, but would not be prevented from making the same end product by a different method.

The United States Patent and Trademark Office is responsible for examining and issuing patents to eligible inventors. For all practical purposes the role of the Patent Office ceases upon issuance of the patent. The Patent Office does not monitor commercial transactions for the presence of potential infringement, nor does it enforce patent rights against potential infringers once their presence is made known. It is the duty of the owners of the patent to protect their patent rights at their own expense. Moreover, the Patent Office does not guarantee the validity of a patent. A patent may be found by a court to be invalid and hence unenforceable at any time during its lifetime.

THE PATENT

The financial cost of enforcing a patent against a potential infringer is highly dependent upon the complexity of the case, but legal expenses alone can easily reach \$50,000 - \$100,000 and often reach hundreds of thousands of dollars. Very few attorneys are willing to litigate such cases for a fee contingent upon winning the case. It is of course possible to recoup part or all of the legal costs should the patentee win, but this prospect is never certain in advance of the court action.

It is possible to avoid the costs associated with litigation by arbitrating an infringement dispute, but arbitration requires both parties (i.e., the patentee and the potential infringer) to agree to arbitrate. Generally speaking, the chance of getting such an agreement is poor.

Patent protection offered by a valid United States patent extends only to the making, using and selling of the patented invention in the United States. A third party may make, use or sell the patented invention in any other country without infringing the U.S. patent. To obtain patent protection in foreign countries it is necessary to file a patent application in each of the countries where protection is desired. Each of these countries has its own set of rules and regulations which must be followed. Should the inventor contemplate obtaining foreign protection he or she should seek help from a patent attorney *before* disclosing, selling or attempting to sell the invention anywhere, including the United States.

A PATENT IS NOT A GUARANTEE THAT THE PATENTED INVENTION DOES NOT INFRINGE OTHER PATENTS

The issues of patentability and infringement are entirely separate. A patent granted by the U.S. Patent Office confers upon the owner the exclusive right to *exclude others* from “making, using, and selling” the patented invention. The issuance of the patent does not confer upon the owner the right to make, use, and sell the patented invention. One reason for this distinction is that the patented invention may be an improvement over a prior, valid patented invention. In that case, making, using, and selling the improvement is subject to the prior patent.

For example, assume that a first inventor develops a fixed blade knife (e.g., a knife having a handle and a blade). The first inventor applies for and obtains a patent. Later, during the term of the patent, a second inventor develops a pocketknife that is identical in every way to the fixed blade knife — with the exception that the blade rotates and folds into the handle. On these facts, it is possible that the first inventor’s patent may be broad enough to cover the second inventor’s pocketknife. This is true regardless of whether the second inventor applies for and/or receives a patent from the U.S. Patent Office. The question of whether a license is required is based on the claim language of the first inventor’s patent — not the patent status of the second inventor’s invention.

TIME REQUIRED TO OBTAIN PATENT PROTECTION

On average, it takes between one to four years from the filing date of a patent application to obtain an issued patent. Some patent applications have remained pending for decades. However, the U.S. Patent Office has set a three (3) year period as its maximum target for reviewing a patent application (not counting continuation applications or other specified events). If the time period exceeds three years, then the patent term extension discussed above would be applicable. The applicant can also control to some extent the speed with which the application is processed by filing a very complete application and responding quickly to the Examiner’s Office Actions. The number of Office Actions issued will usually be limited to two, because the Examiner will denote the second Office Action as a final action. The applicant will then be required to either (i) prepare the application for issuance of any allowed subject matter, (ii) appeal the case to the Patent and Trademark Board of Appeals, or (iii) file a continuing application starting the examination and response process over again. At any time beginning with the first Office Action, the Examiner may find allowable subject matter and allow the application. The applicant may abandon the application at any time, even after allowance.

FINDING SOMEONE TO MANUFACTURE AND DISTRIBUTE YOUR INVENTION

Minn. Stat. § 325A.04 requires invention marketing services soliciting businesses in Minnesota to disclose how many individuals who have come to that service for help have made money on the invention after contracting for the service. This number is usually quite small, such as 1 out of 500 or 1,000 people. If the service refuses to provide you with this information or such information seems to be too good to be true, be skeptical and demand proof of their claims.

Among other states, California has a related provision (California Business and Professional Code 22370) which prohibits the activities of most typical invention marketing organizations.

The services typically offered by invention marketing services include patentability searches, patent application drafting and prosecution, direct mailings to businesses that might be interested in selling your invention, review of trade directories and census documents to determine the potential market for your invention, presenting a written description of your invention at trade shows, and furnishing their client with the names of potential manufacturers. Generally, patentability searches and patent applications prepared by the services tend to be of reasonable quality. However, the value of the other services offered is questionable. It is strongly recommended that an inventor contemplating using such services carefully review what he or she is getting for his or her investment, as well as the usefulness of the information and services received.

A better alternative to employing invention marketing services (and, in many cases, to immediately filing a patent application) is for the inventor to utilize the money that would have been spent on those services to directly contact and meet with potential marketers of the invention. In practice, this is the most successful strategy for independent inventors with limited financial resources.

A patent may bring economic benefit to the patent owner by the outright sale of the patent, licensing the patent to others, or by commercially exploiting the patented invention itself. In order for the independent inventor to attempt either the sale or licensing of the patent, he or she must first identify the potential buyers/licensees. Once a potential buyer is located, one must then place a value on the patent. If the product covered by the patent has not yet been commercially produced, it may be quite difficult to determine accurately the value of the patent. Therefore, the patent owner may wish to license the patent and obtain a royalty on the future commercial exploitation of the patent. The specific terms of each individual license would have to be negotiated with the licensee. A typical license agreement might include a lump sum payment to be made immediately upon the licensing of the patent, as well as a royalty to be paid for each patented product produced. A license may be exclusive, granting all the patent rights to a single licensee. Alternatively, a license may be nonexclusive, so that the patent owner may license several different licensees. The length of the license can be for any term agreeable between the parties, not to exceed the life of the patent.

SUMMARY

A patent, as previously indicated, gives one the exclusive right to prevent others from making, using or selling the patented invention. In essence, it is a government created monopoly that allows only the patent owner to make, use or sell the patented invention, subject to any other existing patents.

The life of a granted U.S. utility patent filed on or after June 8, 1995 is 20 years from the date of filing. In other words, third parties would not be able to begin making, using or selling the patented invention until after the 20 year period expired. Thus, the patent owner would have a number of years to establish a market share as the sole supplier of the patented invention.