



# PATENT PRIMER

What Every Business Owner Should Know About Patents

## *Disclaimer*

*This Patent Primer is meant to provide general information about intellectual property matters. It is not intended to serve as legal advice. Laws frequently change and application of the laws is highly fact dependent. Therefore, you should consult counsel prior to reliance on any statement made herein.*

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## HOW TO USE PATENT PRIMER

Intellectual property (sometimes called “IP”) is the broad name given to various intangible assets which can provide a company or individual significant value. The purpose of patent rights is to foster creativity by giving creators exclusive rights to their innovations and creations for a limited time.

Intellectual property includes patents, trademarks, copyrights, trade dress, trade secrets, domain names, and know-how. Each form of intellectual property is designed to protect different subject matter and has its own unique rules for developing and maintaining rights. By carefully developing its intellectual property, a company can obtain a significant economic advantage over its competitors. Failure to develop and protect intellectual property can leave a company at a significant competitive disadvantage.

The IP Primer series was created by Rand Bateman and Tenley Schofield to aid our clients in creating and maintaining necessary records regarding their intellectual property. By completing and maintaining the worksheets with other necessary business records, you will be able to organize information about your intellectual property in one place and be able to better co-ordinate your protection strategies.

The worksheets can serve as part of your safety net should a situation arise in which you need to document your claim to an intellectual property right, whether it be a lawsuit, due diligence or proving the date of invention, use or disclosure. Lawsuits often arise many years after the creation of an invention, use of a trademark dress or development of a trade secret. Therefore, it is important to maintain records for the life of your company, or at least for the life of the intellectual property at issue.

As our client or prospective client, you are hereby given per-mission to copy any part of this primer series for use within your company. Please feel free to document inventions, trademark usage and other intellectual property rights with the included forms. Additional copies of any forms may be downloaded from Rand’s website [www.batemanip.com/Primer/](http://www.batemanip.com/Primer/). If you would like to discuss more detailed record keeping strategies for inventions, trademarks, copyrights, trade secrets and the like, please contact us.

## Intellectual Property

Patents

Trademarks

Copyrights

Trade Secrets

Know How

# PATENTS

A patent does not provide the affirmative right to practice an invention. There is no requirement to obtain a patent prior to marketing a product or service. Rather, a patent provides the negative right to *exclude* others from making, using, selling, or offering to sell a product, process or design that falls within the scope of the patent. A company with patent protection realizes an economic advantage by being able to sell products at a higher price than might be achieved if there were competitors selling the same product. A company may also be able to obtain sales by offering features which its competitors cannot offer. Revenue can also be generated by licensing the right to use the patented technology, either to competitors or to companies in other industries.

A patent owner has various types of protection should the patent be infringed. A court can award damages for any harm to the patent owner. The damages are required to be no less than a reasonable royalty for use of the invention. Where infringement is willful, the court can triple the damages award and award the patent owner their attorney's fees. Patent owners may also be able to obtain injunctions to stop infringing activities. Patent owners can also obtain orders which ban the importation of infringing goods.

## Patent

The right to exclude another from practicing an invention

## Advantages

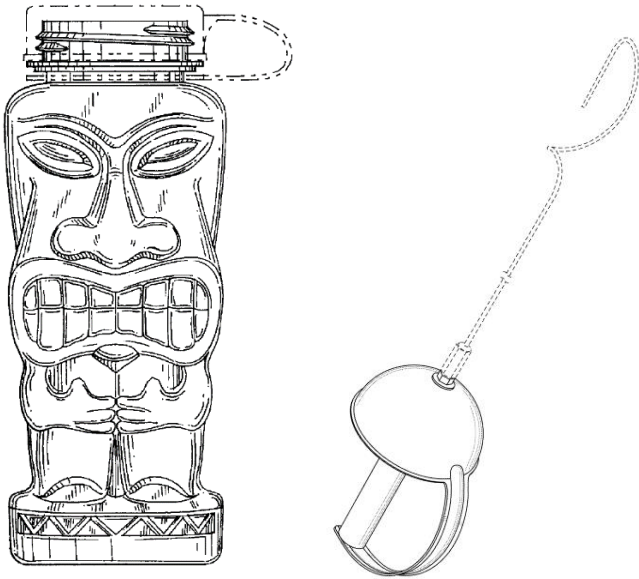
Unique products  
Higher price  
Licensing revenue



## Types of Patents

When most people think of obtaining a patent, they generally mean a utility patent. However, there are several types of patents that are used to protect intellectual property.

A *design patent* provides protection for the ornamental features of a design, as opposed to the utility of a product or process. Design patents last for 15 years from the date of issuance. Unlike utility patents, there are currently no maintenance fees that need to be paid to keep the patent in force throughout its life. An example of a design patent may be a chair that has a new look. It would be very difficult to protect a chair lacking some novel structure or function with a utility patent. Rather, the patentable subject matter could be the aesthetic look of the chair.



A *plant patent* is awarded to a person who has discovered and asexually reproduced a distinct and new variety of plant, other than a tuber-propagated plant or a plant found in an uncultivated state. Plant patents follow the same scheme as utility patents. The patent will expire 20 years from the first effective filing date of the application. While much less common than utility patents, plant patents can be valuable in agriculture and related businesses.

## Types of Patents

Design

Plant

Utility

## Design Patents

Protects ornamental  
Features

15 years from  
issuance

No maintenance  
fees

## Plant Patents

20 Years from Filing

Protects new man-  
made plants

A *utility patent* is designed to protect a product, an apparatus, a composition of matter, or a method for performing a process. Thus, the focus of a utility patent is ultimately on protecting the function of the patented product, process, etc.

Traditionally, utility patents were valid for 17 years from the date the patent issued. However, in 1995 the law was changed to have a patent expire 20 years after the earliest effective filing date for the patent application. A patent owner whose patent application predates June 8, 1995 is able to select from the longer of 20 years from the date of filing or 17 years from the date of issue. Patents based on applications filed on or after June 8, 1995 expire 20 years from the earliest effective filing date. Thus, for example, if a patent was filed on January 1, 2000 and issued on June 30, 2001, the patent owner would receive a patent life of 18 1/2 years. However, if the patent did not issue until January 1, 2005, the length of patent protection would only be 15 years. Likewise, if a continuation application is filed on January 1, 2010, but claims priority to a parent application filed on January 1, 2005, the resulting patent will expire on January 1, 2025.

The length of a patent term may change in certain circumstances. For example, where the applicant has a previous application which claims very similar subject matter, occasionally, an examiner will enter a rejection suggesting that an application is obvious in light of another commonly owned patent. When this is done, the application may still issue. However, the term must expire as of the date of the earlier filed application. Thus, there are times when the patent will last less than the statutory term of 20 years from the earliest effective filing date.

The Patent and Trademark Office also realizes that there are times when it has delayed the issuance of applications. Where the Patent and Trademark Office fails to accomplish certain steps regarding the patent in a designated amount of time, the patentee may be given a patent term adjustment which can add months or even years to the patent.

## Computer Software Patents

In the past, computer software was often considered nonpatentable subject matter because it was an abstract idea, composed of algorithms and formulas. However, computer software can often be patented when it is connected to new technology, or when it transforms the way in which an existing technology works. The law concerning computer software has undergone significant revisions in the last couple of years, so it is advisable to consult your attorney for an up to date view of software patentability.

## Utility Patents

Expire 20 years from earliest filing date

Term can be Extended due to Patent Office delays

### Cover

- Apparatuses
- Compositions of matter
- Systems
- Methods

### Does Not Cover

- Mental processes
- Natural laws
- Products of nature
- Abstract ideas



## Business Method Patents

The Supreme Court has upheld the validity of business method patents, as long as they are directed to processes and not abstract ideas. One important test, though not the exclusive test, is the “machine-or-transformation” test, or whether the process is directly connected to a machine or transforms an article to a different state. Other tests may be applied as long as the claims demonstrate that the invention is not merely an abstract idea or mental process.

## Biotech Patents

Patents can be granted for inventions relating to genes, novel nucleotide and amino acid sequences, and other biotechnologies. While this improves the profitability of biotech firms, it can also cause problems for researchers who need to seek several licenses to properly conduct their studies. Currently, amino acid sequences may be patentable, if significant post-extraction processing has been performed (e.g., cDNA, rather than genomic DNA).

## Business Method Patents

Certain business method patents can be challenged in a special proceeding called a CBM review. These apply to “a method or apparatus directed to data processing or other activities used in financial products or services.”



## Provisional vs. Non-Provisional Patent Applications

Non-provisional patent applications are traditional applications that are fully examined by the Patent Office and can lead to patent rights. Unlike non-provisional patent applications, provisional patent applications are not examined by the Patent Office. Provisional patent applications work to secure an early filing date, which can be preserved as long as a non-provisional application is filed within one year of the provisional application's filing. Provisional applications secure patent rights and can be filed more quickly and inexpensively than non-provisional applications; this allows further time for development, marketing, and raising capital for a technology whose value is not yet fully known, while preserving an early filing date for the original technology. However, it is important to not skimp on the provisional application. Any disclosure which is not in the provisional patent will not receive the early filing date. This can mean that an invention is ultimately rejected because another party was the first to disclose an important feature of the invention.

Provisional patent applications may also be used to extend the patent term of the patent by one year at the end of a patent's life. The 20-year patent term is calculated from the date that the regular non-provisional application is filed, not the filing date of the provisional application.

## The Patent Application Process

### Patent Search

Usually, a patent applicant first wants to be sure that no one else has already obtained a patent for their invention. This is usually accomplished by conducting a patent search. Patent searches can vary from a simple computer search of the Patent and Trademark Office database, to detailed professional searches that spend considerable time investigating the closest relevant prior art patents to determine the likelihood of an invention being patentable. It is usually desirable to conduct at least some form of patent search as the results of the patent search can help the inventor focus on the truly novel aspects of the invention, in contrast to those portions that are likely to be found obvious in light of the prior art.

### Provisional Application

Low filing fee

Lasts for 1 year

Gives an early priority date for what is disclosed in the application

A provisional that does not contain a complete disclosure of the invention may result in subject matter being lost if there has been a sale or public closure

### Patent Search

Personal knowledge

Database search

Personal knowledge

## Preparation of the Application

Patent applications have several parts. An application usually includes a background section which places the invention in context of the prior art (the state of the industry) or in context of the problem being solved. The application also includes a summary of the invention and a description of the drawings contained in the application. Additionally, the application contains a detailed description of the invention that should enable a person of ordinary skill in the art to make and use the invention. The application should also include the “best mode” of practicing the invention. The patent application must contain at least one claim which defines the legal scope of protection sought by the applicant. Finally, the application has a short abstract describing the subject matter of the invention and drawings used to explain the invention.

## Prosecution of the Application

After an application has been filed, it typically takes one to two years to obtain a first office action. In the office action the examiner will review the application and note any failure to comply with the requirements as to clarity and structuring of the claims. The examiner will also cite the best references that he or she finds and will typically reject one or more of the claims in light of the cited “prior art” (most commonly prior patents and other references relevant to the invention).

The patent attorney then prepares a response either explaining why the prior art cited by the examiner does not meet the claim limitations, or amending the claims to distinguish the invention from the prior art. It is not uncommon for two or three such exchanges to occur between the examiner and the patent attorney prior to issuance of a patent. Recent statistics show that about fifty percent of applications will ultimately be granted as a patent, although this percentage varies significantly over time.

## Patent Grant

Once a patent application has been granted it will issue upon the payment of an issue fee to the Patent and Trademark Office. The patent is then issued and will be valid from the date of issuance until 20 years from the earliest effective filing date of the application, provided that the patent owner pays the appropriate maintenance fees. Maintenance fees are currently due 3 1/2, 7 1/2, and 11 1/2 years after the issue date of the patent. Failure to pay the maintenance fees will result in the patent being abandoned.

## Application

Background

Summary of the Invention

Drawing Description

Detailed Description

Claims

Abstract

## Prosecution

Publication at 18 Months

1-2 Years before first Office Action

2-3 Responses

Term ends 20 years from filing date

Fees at 3 1/2, 7 1/2, 11 1/2 yrs. from grant



## Common Pitfalls Regarding Patents

### The One Year “On Sale” Bar and Early Disclosure

In the United States, a patent application must be filed within one year of the first offer for sale or the first public disclosure of the invention. The offer for sale can occur even before the product has been built (this is common with custom software). Thus, it is important to document any sales activity and to ensure that patent applications are filed within the one-year time frame. Placing the invention in the public domain through other means can also invalidate your patent rights. Things such as your own publications, presentations at conferences, and displays at tradeshow all place the invention in the public domain if a patent application is not timely filed. Thus, it is crucial to file a patent application within one year of any public disclosure or offer for sale to secure your rights. For a variety of reasons, it is preferable to file prior to any public disclosure. For example, foreign countries require that the patent application be filed before any public disclosure (there is no one-year grace period).

As is explained below in more detail, on March 16, 2013 the United States transitioned to a first inventor to file patent application system. This may have a significant impact on companies who chose to rely on the one-year grace period provided under U.S. law to file a patent application as disclosures by a third party may limit the scope of any invention claimed.

### Proper Inventorship

In the United States, patent applications were filed in the name of the inventors until September of 2012. While applications can now be filed in the name of the owner, it remains important to properly name the inventors. If the Patent Office determines that the inventorship was deliberately misrepresented, the patent can be invalidated or held unenforceable. Therefore, it is important to determine the actual inventors of the claimed subject matter. Just because you own the company or supervised the work does not mean you should be listed as an inventor on the patent.

### One Year Bar

Patents must be filed within (1) year of:

Offer for Sale

Public Disclosure

NDA can make disclosure non-public but may not resolve “on sale” issue

### Inventorship

Must be actual person

Must be involved in Invention – not just company owner

Inventor of content in claims—not content in disclosure

## First to File

Traditionally the U.S. has awarded patents to the first to invent rather than the first to file. On March 16, 2013 the United States transitioned to a “first inventor to file” system. Rather than relying on the date of invention, the new law relies primarily on the date which a party filed its patent application. Thus, it is possible for someone to have made an invention only to see the patent awarded to someone who made the same invention much later but filed earlier. Therefore, it is important to file at least a provisional application, if not a non-provisional application, as soon as reasonably possible to avoid the loss of patent rights. Additionally, despite the change in the law, it still is important to maintain documentation as to the date of invention and any disclosures of the invention, including public offerings for sale.

Additionally, despite the change in the law, it is still important to maintain documentation regarding the date of invention and any sales activity relating to the invention. Under the new law, a party can challenge a patent if it can be shown that the person who filed the application derived the invention from a prior inventor. This situation is common where there has been a disclosure to other businesses. A company's sales activity may also be helpful in invalidating the patent of a competitor if it can be shown that the public disclosure was made prior to the other party's filing date.

## Non-Obviousness and Novelty Requirement

U.S. patent law requires an invention to be new (or “novel”) in order to receive a patent. Not only must an invention be novel, it must also not be obvious in light of material already in the public domain. For example, a simple and obvious combination of two prior devices into a single new device would not be patentable subject matter. Obviousness is determined on a case-by-case basis, and the Patent Office uses the standard of whether a person having ordinary skill in the art would have considered the invention obvious at the time of invention.

## Medical Procedures

In many countries medical procedures or any methods for treating the human body are not patentable subject matter. In the United States, a patent may be obtained for a medical procedure. Doctors, however, are not liable for infringement when performing the medical procedure. This does not mean that a patent on a medical procedure is completely without value. Often a medical products company may be a contributory infringer if they provide materials that facilitate infringement of the patent's claims or instruct how to use the product in a manner that would infringe the patent.

## First To File

Public disclosure of invention by 3<sup>rd</sup> party can render invention unpatentable

Reliance on 1-year grace period can result in narrowed patent right

File early, file often

## Medical Procedures

Procedure or Method

Not eligible in many foreign countries

Doctors not liable

Medical products company

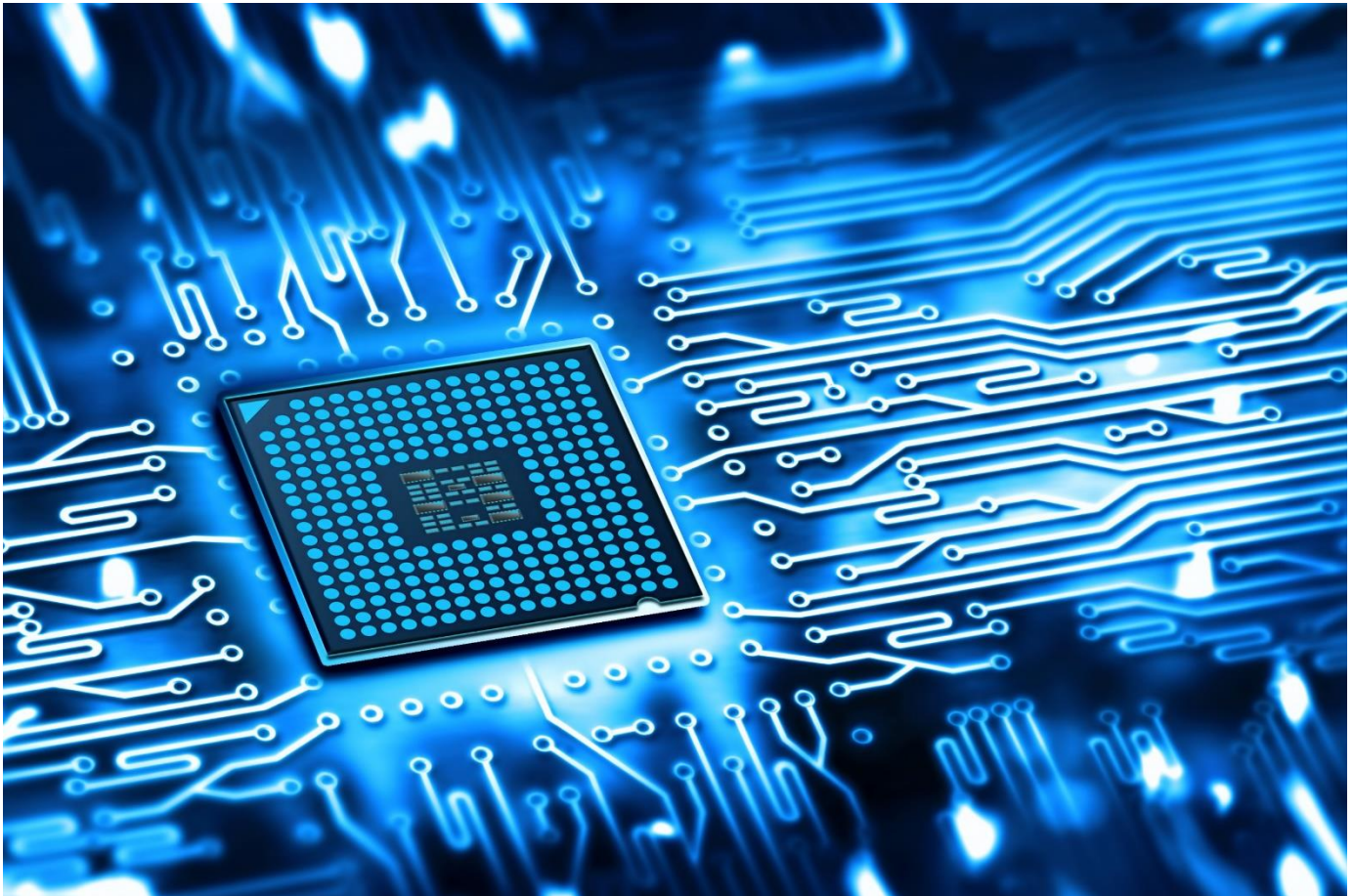
## Foreign Patent Rights

If an invention is going to be marketed and sold abroad, foreign patent rights may be desirable for further protection. Most commercially relevant foreign countries are part of the Patent Cooperation Treaty (PCT). The PCT streamlines foreign filings through its unified procedure, and allows protection in each of its contracting states through a single filing of an international application. While the PCT is not a single "international patent," it does simplify the process of applying in several countries at once.

One important consideration for patent rights in foreign countries is the requirement of "absolute novelty." Unlike the U.S., most countries do not give a grace period to file a patent application following a sale or public disclosure. The application must be filed prior to public disclosure. Thus, if you are considering filing in foreign countries, it is crucial to file your patent application describing the complete invention in detail prior to publicly disclosing the invention.

## Novelty – Foreign

- No public disclosure
- No scholarly publication
- No articles
- No marketing



## INVENTION DISCLOSURE WORKSHEET

1. What is the title of the invention/name of the project?

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2. Who are the inventors? (Include Name, City and State of Residence, and Nationality.)

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3. On what date was the invention conceived (thought of)?

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4. On what date was the invention reduced to practice (actually made or practiced)?

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5. Do you have notebooks, etc. documenting the invention? (Provide Copies If Available)

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6. Is there anybody who can corroborate the process of developing your invention?

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7. Was the invention made as a joint effort with another person or company?

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8. Has a working prototype, etc., been made?

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9. Please give a brief description of the invention, including the uses for your invention:

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10. What is the best form of or best method of using your invention?

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11. Does your invention solve any particular problems?

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12. Identify anything that you are aware of which is similar to your invention:

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13. How is your invention different from similar items already available?

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14. Has the invention been disclosed to anybody? If so, when and under what circumstances? Was the disclosure subject to a confidentiality agreement? (Please provide accurate dates as this can impact both U.S. and foreign patent rights)

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15. Has the invention been sold, or offered for sale? If so, when: (Please provide accurate dates as this can impact both U.S. and foreign patent rights.)

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16. Have you published or advertised anything about your invention? If so, describe the publication:

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17. Have you presented your invention at a conference or tradeshow? If yes, describe the presentation and relevant dates:

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18. Did you have any funding from the U.S. Government relating to the invention?

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19. Are you a single inventor, small business (less than 500 employees), micro-entity, or nonprofit organization? \*

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20. How many patent applications have you filed prior to this?\*

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21. Are you under any obligation to license or assign the invention to another entity? If so, please explain:\*

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22. Are you interested in protecting your invention in any foreign countries?

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Signatures and Date of persons making this disclosure:

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\*Note: Depending on how you answered questions 18-20, you may be entitled to a fee reduction with the U.S. Patent and Trademark Office. It is your obligation to verify your qualification for such a fee reduction as a small entity or micro-entity and to notify us of any change in your qualification for such a fee reduction. Failure to notify the USPTO of any change in qualification for fee reductions will require the retroactive payment of additional fees, and could jeopardize any resulting patent.

## About the author

Randall (Rand) Bateman is a registered patent attorney practicing in Salt Lake City, Utah. He is currently the managing share holder of BATEMAN IP, which U.S. News ranked as a Tier 1 patent firm.

Rand has served as the Chair of the Intellectual Property Section and as Chair of the Cyberlaw Section of the Utah State Bar. He has also been President of the Central Utah Bar Association. His practice is focused on the protection of all forms of intellectual property.

Rand's twenty-five years of experience includes complex intellectual property litigation and prosecution of patent, trademark, and copyright matters. He represents local, regional, national, and international clients. Particular areas of focus in Rand's practice involves patents on medical devices and shooting range/target technologies, as well as litigation representing patent and copyright owners. Rand also does extensive work in trademark disputes both in Federal Court, and before the United States Patent and Trademark Office.

To date, Rand has obtained more than 300 patents and administered the registration of more than 400 trademarks. He has also litigated numerous patent, trademark, copyright, and trade secret matters ranging from architectural copyright cases to patent cases. His successful efforts have ranged from million-dollar settlements on behalf of his clients, to the invalidation of every claim in multiple patents being asserted against his clients.

Rand is frequently called on to speak regarding intellectual property issues and has published numerous articles regarding Intellectual Property and how it affects business. Rand is also the founder of the Utah Genius awards that honor Utah's top patentees and trademark registrants.

Rand has been listed for 12 consecutive years in Best Lawyers in America and Super Lawyers, and has been identified as one of the top 100 attorneys in the Intermountain West.

Outside of work Rand enjoys cycling, fishing and beating his children on the go cart track.

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