

PATENTS 101

Protecting intellectual property is an important and strategic element of any business creation or research endeavor. Patents allow one to protect IP. Associated with this is trademarks and copyrights

PATENTS

A patent is a grant provided to the inventor by the government, giving the inventor the right to exclude others from making, using or selling the invention claimed in the patent. A U.S. Patent is valid in the United States, its territories and possessions. One can file a PCT (Patent cooperation treaty) application valid in foreign countries which are a signatory to the PCT and which protects the date of filing.

- Patents promote the progress of science and the useful arts by encouraging the disclosures of inventions that would otherwise be kept secret.
- Patents can help protect the investments of developers who have invented new technology. By securing a patent, the developer can rest easy that another competitor cannot reap the benefits of his costly research and development.
- Patents stimulate competition by encouraging competitors to maintain a continuing program of inventive activity in an attempt to gain the business advantage.

There are different types of patents. They are:

- Utility Patent — The most common patent, this patent is obtained for a new process, machine, article of manufacture, composition of matter, or any new and useful improvement of the above.
- Special Patent — This patent is obtained for plants and ornamental designs.
- Design Patent — This patent allows the inventor to protect the appearance and design of an item instead of its functional capabilities.

A. When Should You Apply For a Patent?

When you have invented an idea for a product or process that you feel will be profitable to your business, write it down. Consider specifically what it is about your idea that makes it original or superior to similar devices already on the market. Record your information as completely and as detailed as possible to provide evidence of its originality should your claim be challenged at a later time. Next, you'll need to determine if your invention is patentable.

To be granted a patent, your invention must

- Pass the test of "novelty"
- Fall within the "proper subject matter"
- Pass the test of "non-obviousness"

Novelty

This is considered to be the most crucial of the three requirements. To help determine the novelty of your invention, first, analyze the invention according to specified standards, then, note whether or not anyone else has patented it first. The only sure way of accomplishing this is to make a search of the files in the Patent and Trademark Office.

Proper Subject Matter

In order to satisfy this, you must determine whether your invention falls within the following classifications.

Patentable inventions:

- **A new process** — A form of treatment of certain materials to produce a specific result. It is an act or acts performed to produce a different form or state of the existing subject matter.
- **A machine** — a mechanical device or combination mechanical devices to perform some function and produce a certain result.
- **An article of manufacture** — any tangible item not already included in the process, manufacture or machine descriptions above. A separate patent can be registered for an article of manufacture, the machine for producing it, and on the process for making it.
- **Composition of matter** — this phrase covers all products whether the result of a chemical mixture or mechanical mixture or other compounds.
- **Improvements of the above** — a patentable improvement may be in addition to, simplification of, or alteration of any of the above.
- **Plant Patents** — some living plants, depending upon their origin, are patentable.
- **Living organisms** — the Supreme Court elected to patent a living organism which was developed to absorb oil slicks. Until this case, plant patents were the only form of patent protection available for living organisms.
- **Design patents** — this patent protects only the appearance of an item rather than its function. A design patent is easier and less expensive to obtain than other patents. This type of patent can be valuable because it prevents a competitor from producing a similar invention.

Unpatentable inventions:

- **Laws of nature** — discovery of a science principle or a law of nature cannot be patented.
- **Abstract ideas or theories** — ideas for advertising, or mathematical computations are not considered patentable.
- **A business system** — a system of doing business is not considered patentable; it may prove very advantageous and profitable to your business, but it does not fit into the "process" category.
- **Constant motion machines** — any invention claiming constant motion cannot be patented.

B. Patent Search

You should also ask yourself the following questions to help you decide whether a patent already exists:

- Is this invention known to others in the country?
- Was this or a similar invention described in a printed publication in this or a foreign country?
- Was this or a similar invention described in a printed publication more than a year before the application was filed?
- Was this or a similar invention once sold or used by the public in this country more than a year before the application was filed?

If you answer "yes" to any of these questions, you may not be eligible for a patent. Also, if you described your invention in a printed publication or used it publicly or attempted to sell it within one year, you must apply for a patent before that year has passed; otherwise, you lose your right to that patent.

Once you have determined whether you are eligible for a patent, a search of existing patents should be conducted as a final check before applying for your patent. Although not legally required, a search can be helpful to you in deciding whether or not to spend the money necessary to file a patent application. A search can be done by an attorney, which can be costly, but it does provide that attorney with information to protect your interests for the future. Alternatively, you can conduct the search yourself,

By conducting a search of existing patents, you'll not only help to determine whether your invention is patentable, but you could also find helpful information about patents superior to your own yet not available on the market. This may open doors for a potential business association, which could prove profitable to your business.

C. The Patent Application

You, your attorney, or a patent agent can file a patent application. A patent attorney is a lawyer who has passed an examination given by the patent office and has met certain minimum requirements of technical education. A patent agent is not a lawyer but has met the technical education requirements and has passed the same examination as the attorney. The patent application is comprised of drawings (if applicable), a written description of the invention, and one or more claims ("claims" define the scope of protection). Depending upon the complexity of the invention, patent application fees vary widely, as do the attorney fees.

D. Filing The Patent Application

Don't be discouraged to find you will most likely have to wait a year before the Patent Office acts on your application. When it is received by the Patent Office, it is given a preliminary examination to determine whether or not all requirements are met. If the application is in order, the office will notify you and assign you a serial number and a filing. If the Office finds the application incomplete, they will notify you and hold up your application until you supply the required information.

Once your application is filed, an examiner with expertise in the field of your invention will be responsible for performing an in-depth review of your application, including another search for any existing patents. Should this search result in patents with very similar inventions to your own, the examiner may require certain revisions to your application claims. Sometimes several revisions and arguments by your attorney (or agent) are necessary in order to resolve these objections or requirements by the examiner. Each objection is considered an action by the Patent and Trademark Office. If you or your attorney do not respond to an action within a specified time, the application is considered abandoned. An abandoned application is dropped from further consideration.

On average, this entire process takes 19 months.

E. A Refused Patent

If the examiner refuses to grant you a patent based on claims requested, the application may be appealed to the Board of Appeals of the Patent Office. The fee is \$50 (plus another \$50 fee if a brief in support of an appeal is required. This brief must be filed within 60 days after the date of the appeal.)

F. Foreign Patent

If you are planning to use or distribute your invention in other countries, you will need to obtain a foreign patent. In this case, it is recommended that you do not sell, publicly use, or print anything about your invention until after you have filed for your foreign patent.

G. Special Applications

Small business owners, who cannot begin to manufacture their invention without a patent, thus holding up possible income, can request that their patent application be given special consideration. This special consideration, if approved, will push the application ahead of others for examination. If you ask for special treatment for your application, you must state under oath:

1. that you have sufficient capital available and facilities to manufacture the invention in quantity.
2. that you will not manufacture unless it is certain that the patent will be granted.
3. that you will obligate yourself or your business to produce the invention in quantity as soon as patent protection has been granted. A corporation must have this commitment agreed to in writing by its board of directors.
4. that if the application is allowed, you will furnish a statement under oath within three months showing (a) how much money has been spent, (b) the number of devices your business has manufactured, and (c) the number of employees your business paid during this period.

H. Patent Infringement

As a patent owner, you are entitled to damages in the form of reasonable royalties for infringement occurring within six years before filing suit. There are several factors to consider in defining infringement. The Federal Court, which has exclusive jurisdiction in patent suits, will review the patent claims as an aid in determining the validity of the proposed infringement. If this infringement includes any aspect of the claim, it infringes the claim.

TRADE SECRETS [\[top\]](#)

A trade secret can consist of any formula, pattern, device, or compilation of information used in a business. This information can give your business an advantage over your competitors who do not know or use it. Trade secrets generally relate to the production of goods, such as a machine or formula. However, they may also relate to the sale of goods or to other operations in the business, such as a method of bookkeeping or other office management activities, codes for determining discounts or rebates, even a list of specialized customers. A trade secret can constitute any information that is not generally known in a trade.

Trade Secret vs. Patent

Enhancement to an existing patent (i.e., new designs and/or development) is a common practice. This enhancement can be a trade secret, which is not required under patent law to be disclosed after the patent is filed — that's why it's a

secret. This is an obvious advantage to the business who owns the patent, which is public information. However, with appropriate contractual conditions, others may be willing to pay royalties for the privilege of using the trade secret.

A trade secret will not automatically become public domain at the end of 17 years as is the case with a patent. Nevertheless, the competitive advantage provided by a trade secret can quickly be destroyed if it becomes available to the public or if another researcher independently develops the same information. If you initially maintain your invention as a trade secret, then decide to apply for a patent, you must file an application within one year of using the trade secret for commercial advantage.

Careful measures should be taken to protect your trade secret. Establish a program to ensure that all reasonable steps are taken to maintain secrecy. Employees, manufacturer's representatives, consultants, suppliers, customers, and licensees should be bound to the strictest of confidence. Visitor access to sensitive areas should be restricted.

COPYRIGHTS [\[top\]](#)

A copyright provides protection for original or artistic works that exist in some type of fixed form. This can include works of literature, drama, music, art, motion picture, computer programs, and laser disks. A copyright provides the its bearer with the following:

1. the right to copy or reproduce the work;
2. the right to publish it;
3. the right to perform it publicly;
4. the right to record it;
5. the right to display it; and
6. the right to make versions of it.

Once established, a work is automatically protected by copyright in the United States and in countries with U.S. copyright relations. However, formal registration provides additional benefits under the current law.

The U.S. copyright system establishes "ownership" of certain exclusive rights such as distribution, reproduction, and performance rights, thereby, increasing the author's ability to generate income. Since ownership begins with the author's creation, legal copyright protection is important.

A copyright lasts for the duration of the author's life plus 50 years.

TRADEMARKS

Trademarks, or brand names, distinguish one business product or service from

another. It can be a word, a symbol, a logo, or a combination of letters or numbers. A trademark can even be a color. Trademarks have no legal protection; instead, they are a part of a much broader common law of unfair competition. Unfair competition results when a competitor acts in a manner which causes consumer confusion between the two businesses.

Deciding to trademark your product or service is the best way to protect your investment against the possibility of another business reaping the benefits (sales) of your product or service. Once developed, a trademark can become one of your most valuable assets.

Whatever its form, a trademark can be legally used by only one firm or group of legally related firms. Trademarks all have a common element — to enable consumers to find or to avoid a product or service sold under those symbols. Trademarks gain value to a business as the business becomes more established (consider again the "arches").

Trademarks cannot be used to prevent another business from copying the products or services of another. Trademarks also cannot prevent that same business from selling their products or services under a generic name with a common description.

A trademark is not patentable. The life of a patent is limited. The life of a trademark may be indefinite if appropriate use is continued.