

Internal Patent Procedures for Corporate Clients

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Importance of Having Internal Patent Procedures

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- More than half the value of U.S. corporations is in intellectual assets
- Successful long-term corporate performance:
 - Requires control over value creation, preservation and enhancement
 - Cannot be sustained without managing intellectual property
- Intellectual Property Management

Importance of Having Internal Patent Procedures (Cont.)

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- Patents allow companies to recover research and development costs
- Patents play a role in maintaining a company's competitive edge and in enhancing its market position
- Successful companies have well managed intellectual property portfolios designed to control access to their inventive advantage and to maximize revenue through licenses, royalties and business alliances.

Potential Problems From Failure to Use Effective Patent

Procedures

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- Wasteful intellectual assets
- Vulnerability to competitors
- Miss a critical date
- Leaking confidential information

Overview of Internal Patent Procedures

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- Identify and screen ideas to determine patentable subject matter
- Modify processes to better retain rights to patents
 - Ex: consultant agreements, licensing procedures, patent maintenance, docketing process, confidentiality agreements
- Make patent process more satisfying to inventors

Checklist of Procedures for Patents

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1. Inventorship
2. Idea (Invention) Recordation Procedures
3. Idea (Invention) Review Process
4. Preparation of Application(s)
5. Post-Issuance Considerations

Inventorship

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EMPLOYEE AGREEMENTS
NON-DISCLOSURE AGREEMENTS
ASSIGNMENTS
CONSULTING AGREEMENTS

Inventor

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- The threshold question in determining inventorship is who conceived the invention.
- Unless a person contributes to the invention as claimed, he/she is not an inventor.

Employee Agreements

- Can encourage entrepreneurial ambition in the workforce
- Can prevent an employee from becoming a competitor of the company as soon as he/she terminates employment with the company
- Should include a non-disclosure clause and assignment clause
- May include a provision requiring the employee to cooperate with patent application process, which survives their employment with the company

Non-Disclosure Agreements

- The agreement should provide that all ideas relating to the development or improvement of any product or process is confidential and proprietary information of the company and shall not be disclosed to anyone outside of the company, even after the employee's employment with the company is terminated.

Assignments

- All employees should be required to sign an agreement that states all employee ideas relating to the development or improvement of any product or process, whether capable of acquiring patent protection or not is to remain the sole and exclusive property of the company.

Consulting Agreements

- The agreement should provide that the Consultant agrees that the company is and shall remain the exclusive owner of the confidential information and concepts and ideas. Any interest in patents, whether registrable or not, which Consultant, as a result of rendering services to the company may conceive or develop, shall belong exclusively to the company.

Debriefing Inventors (Employees) Leaving the Company

- Discuss maintaining any inventions and trade secrets in confidence
- Remind inventor that they may be required to sign documents relating to the invention(s) during the patent application process
- May consider creating a consulting agreement with employee for future assistance with patent application process
- If an inventor is uncooperative keep records indicating inventor's unwillingness to cooperate in order to later prove hostile witness

Invention Recordation Procedures

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INVENTOR NOTEBOOKS

INVENTION DISCLOSURES

INVENTION REPORTING INCENTIVES

Inventor Notebooks

- Electronic Notebooks

- Not recommended.

- If an electronic notebook is kept security measures should be taken.

- ✦ Example: Each page should be pre-numbered electronically; Allow a user to identify invalid or altered records; The pages must be printed periodically as you enter information regarding your invention and signed and dated in blue ink

Inventor Notebooks (Cont.)

- Handwritten Notebooks:
 - The description of the invention should be written in a bound notebook with numbered pages and the writing should be done in ink
 - Record ALL experimental work, calculations, sketches, diagrams, and any other related information
 - Do not insert, remove, or modify any of the pages.
 - Sign and date each page

Invention Disclosures

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- When an employee has thought of an idea which relates to the development or improvement of any product, the employee should communicate it to their supervisor
- The idea should be put in writing (Invention Disclosure Form)
- The writing should then be submitted to an individual responsible for reviewing all ideas

Invention Disclosure Form

- The Invention Disclosure Form should include:
 - Suggested title of invention
 - Inventor(s) information
 - Idea conception information
 - Public use or sale information
 - Abstract of invention
 - Details of the invention

Invention Reporting Incentives

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- Recognition
- Monetary Rewards

Invention Review Process

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**CRITERIA FOR SCREENING
PARTIES INVOLVED IN SCREENING
ALTERNATIVES TO PATENTING**

Criteria for screening

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- Screening criteria may include:
 - Considering the competition
 - Customer needs and benefits to the target market
 - Product improvements most needed
 - The technical feasibility of the idea
 - The level and scope of research and development required
 - The profitability of the idea - What is its potential appeal to the market?
How would you price it?
 - Where the product fits in the market - How close is it to competitor products?
 - Resources required for development

Parties Involved in Screening

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- Inventor(s)
- Supervisor(s)
- An internal committee or individual assigned to review ideas
- In-house counsel

Alternatives to Patenting

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- Trade Secret
- Public Disclosure
- Trademark on the name
- Copyright on rules or instructions

Preparation of Application(s)

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WHEN TO FILE

CHECKLIST

OUTSIDE COUNSEL

POST-ISSUANCE CONSIDERATIONS

First to File – The New 35 U.S.C. § 102

- The new 35 U.S.C. § 102 grants a patent to the first inventor to file an application.
- The novelty requirement of the new § 102 precludes patenting of an invention that was disclosed before the effective filing date of an application if the invention was:
 - patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention, or
 - described in a patent or in a published application by another inventor that was effectively filed before the effective filing date of the application claiming the invention.

First to File – The New 35 U.S.C. § 102 (Cont.)

Exceptions:

- Inventor retains a one year grace period for any disclosure that was made within one year prior to the effective filing date of the application claiming the invention, but only if the disclosure was made by the inventor or by someone who obtained the invention from the inventor.
- A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention if:
 - (A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
 - (B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

First to File – The New 35 U.S.C. § 102 (Cont.)

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- Eliminates the possibility that a secret use of an invention can be used to prevent another inventor from obtaining a patent.
- Eliminates ability to swear behind prior art except where the art was derived from the patentee or if the inventor disclosed the invention prior to the public disclosure but within one year prior to the filing date of the application.

Application Checklist

- Title of Invention
- Name, Citizenship, and Address of Inventor(s)
- Assignee
- Description of the invention
- Oath/Declaration executed by each named inventor
- Known prior art

Use of Outside Counsel

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- Appoint in-house liaison
- Ensure outside counsel has the appropriate technical background in order to fully understand the invention
- Define budget
- Require periodic status reporting
- Appoint to technology review committee

Post-Issuance Considerations

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MAINTENANCE FEES

MONITORING POTENTIAL INFRINGEMENT

Maintenance Fees

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- Fees are due 3 1/2, 7 1/2 and 11 1/2 years from the date of the original patent grant
- Companies may want to reevaluate their patent prior to paying a maintenance fee in order to determine whether maintaining the patent is financially beneficial

Determining Potential Infringement

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- Infringement Opinion
- Non-Infringement Opinion
- Right-to-Use Opinion

Key Questions Companies Should Consider

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- Is the invention distinguishable from the competition?
- Is the invention worth protecting? Are patents worth obtaining and maintaining?
- How much does the company stand to lose if it doesn't manage its intellectual property effectively?

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