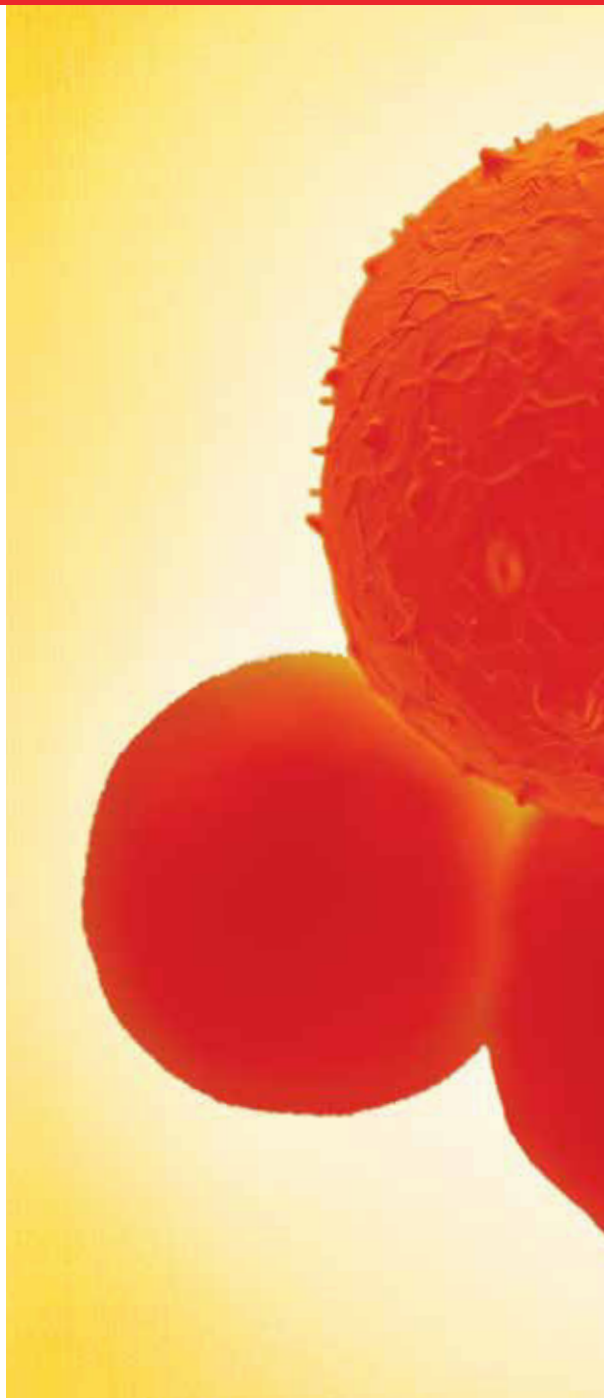
Patents
10 things you should know to protect your business

1. What is a patent?

A patent is a right granted to inventors by the government to exclude others from making, selling, offering for sale, using, or importing an invention. The U.S. government has issued over eight million patents during the past 200 years. These patents cover many types of inventions and discoveries, including machines, compositions of matter, methods, computer software, plants, microorganisms, and designs. Three types of patents are available in the United States. The first, called a "utility patent," covers useful inventions and discoveries, which are defined in the claims of the patent. Generally, a utility patent expires 20 years from the day a regular patent application is filed for the invention. In addition to the claims, a utility patent includes a written description of the invention and also often includes drawings. A second type of patent, called a "design patent," covers nonfunctional, ornamental designs shown in the drawings of the design patent. This type of patent expires 15 years from the date it issues. The third type of patent gives the owner the right to exclude others from asexually reproducing a patented plant, or from selling or using an asexually reproduced patented plant. Plants that are sexually reproduced (i.e., through seeds) or tuber propagated can be protected under the Plant Variety Protection Act.

2. How do I obtain a patent?

To obtain a utility patent, the invention defined in the patent claims must be new and nonobvious to a person of ordinary skill in the field of the invention. Many patents are combinations of previously existing parts combined in a new, nonobvious way to achieve improved results. A design patent requires a new, nonfunctional, ornamental design that is nonobvious to an ordinary designer in the field of the invention. In all cases, the initial evaluation and patentability decision will be made by an examiner at the U.S. Patent and Trademark Office. Only the first and original inventor(s) may obtain a valid patent. Thus, you cannot obtain a patent in the United States for an invention you saw overseas, because you are not the first or the original inventor. Similarly, someone who sees your



invention cannot obtain a valid patent on it because that person is not the first or original inventor. Someone else could, however, improve your invention and then patent the improvement. It typically takes a year or more after filing the U.S. application before the examiner sends the initial evaluation of patentability.

3. What is a patentability search?

When a U.S. patent application is filed, the Patent Office will conduct a search of prior patents from both the United States and foreign countries, and may also search for prior non-patent references. Inventors can have a similar patentability search conducted in order to better evaluate the cost and probability of obtaining patent protection for their invention. Evaluation of patentability search results is complex, requiring not only an understanding of the pertinent technology, but also of patent law. The U.S. Patent Office tests and authorizes persons with appropriate technical backgrounds to file and prosecute patent matters before the Patent Office. You should consider contacting a registered patent attorney authorized to practice before the U.S. Patent and Trademark Office to assist with your evaluation.

4. What is a patent notice?

A product or accompanying literature can be marked with a patent notice such as "Patent," "Pat.," or "Pat. No.," together with the patent number or a website address that associates the product with the patent number when the product or the method used to produce the product is patented. Marking the patented products with a patent notice can enhance the ability to collect damages from an infringer. The term "Patent Pending" means a patent has been applied for but has not yet issued.

5. When must I apply for a patent?

If two different inventors were to apply for a patent for the same invention, every country except the United States would award a patent to the first inventor to file. Conversely, the United States would award a patent to the party who invented first. However, on March 16, 2013, the law in the United States was changed to be consistent with the "first to file" system prevalent outside the United States. In any event, an application for a patent must be filed in the United States within one year of the first date that the invention is: (1) disclosed in a printed publication, (2) publicly used, or (3) offered for sale. A patent in the United States is valid only in this country. In most foreign countries, a patent application must be filed before any public disclosure is made anywhere in the world. The rules for determining when an invention is publicly disclosed, used, or offered for sale are complex, and you should seek the advice of a patent lawyer if you have a question in this regard. By treaty with most, but not all, foreign countries, if a U.S. application is filed before any public disclosure is made, a foreign patent application may be filed up to one year after the U.S. filing date. Thus, if a U.S. patent application is filed before any public disclosure of the invention, the option to pursue foreign patent rights in many foreign countries is preserved for one year. Filing a U.S. patent application after a public disclosure, however, usually prevents filing in most foreign countries.

U.S. patent laws also provide for an informal and less expensive filing, called a "provisional patent application," to preserve patent rights for 12 months. It also extends the term of the patent for one year. The provisional application is not examined and lapses after 12 months. Accordingly, a regular patent application must be filed within those 12 months in order to claim the benefit of the provisional application's filing date. Likewise, foreign applications generally must be filed within those 12 months.

6. Is there a worldwide patent?

There is no single, worldwide patent. Each country has different patent laws and, therefore, rights provided by a patent are enforceable only in the country or countries issuing the patent. For example, a U.S. patent can prevent an infringing product that is made overseas from being sold in the United States, but will not generally prevent the product from being sold in a foreign country. There are several international treaties that enable most of the initial steps in the patenting process to be consolidated for many countries, provided there was no public disclosure before the U.S. application was filed. Ultimately, however, the patent application must be filed in each country where a patent is sought and translated into an official language of each such country. The Patent Cooperation Treaty allows the additional cost of translating and filing in each foreign country to be delayed for up to 30 months from the U.S. filing date. During this 30-month period, it is often possible to test the market for the product and better judge the potential benefits of pursuing foreign patent protection.

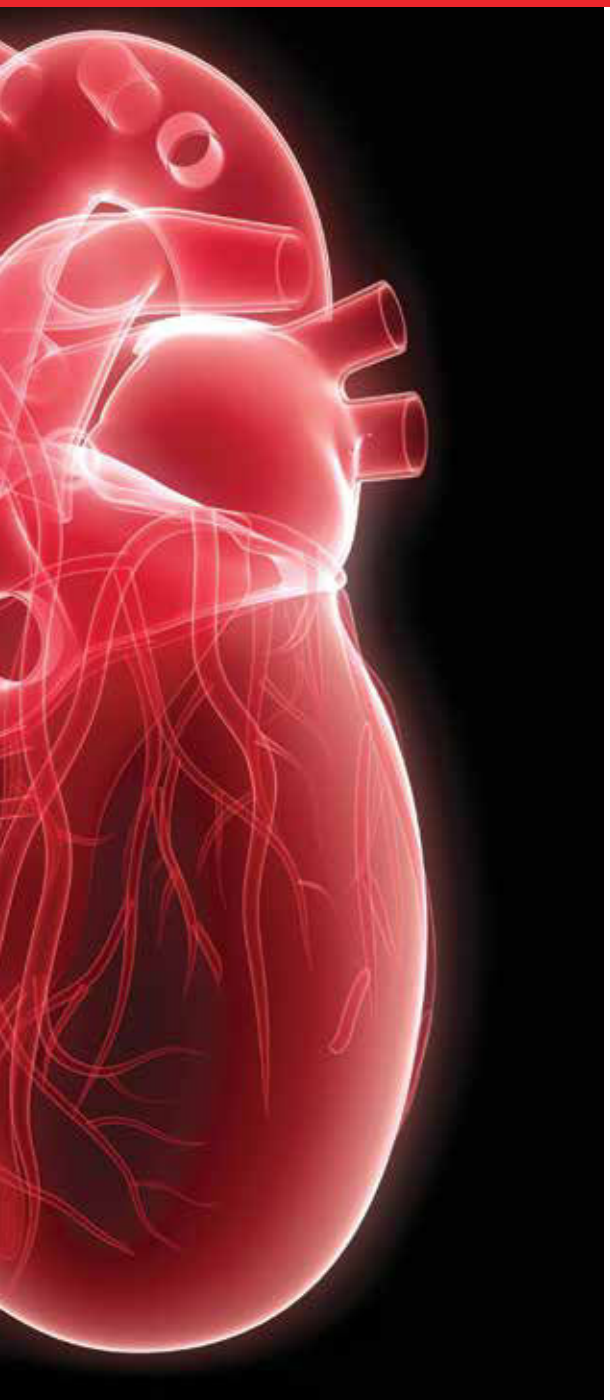
7. Does a patent guarantee my right to sell my product?

A U.S. patent gives its owner the right to exclude others from practicing the patented invention for the duration of the patent. However, it does not actually give the owner the right to make, use, or sell the patented invention. It is thus possible to have an improved and patented product that infringes a prior patent. For example, one person obtains a patent for a chair. Later, a second person obtains a patent for a rocking chair. The first person may be able to stop the second person from selling the rocking chair if the rocking chair incorporates claimed subject matter of the original chair. In such a case, the second person's rocking chair infringes the first person's patent.

8. What is an infringement study?

An infringement study determines whether an unexpired patent has claims that might encompass a product or method that is being made, used, offered for sale, or sold without authorization by the patent owner. If it is determined that a product or method may infringe someone else's patent, the design may be altered to avoid infringement, or a license may be negotiated with the patent owner. Infringement studies require an in-depth understanding of both the applicable patent law and the pertinent technology. Accordingly, you should consider contacting an experienced patent lawyer for such infringement studies.

If a defendant is found guilty of willfully infringing another's U.S. patent, the court can triple the damage award and require the payment of the patent owner's attorneys' fees. Thus, questions of patent infringement should not be taken lightly. A written opinion from a competent patent counsel that provides a well-reasoned basis showing that the patent is either invalid or not infringed can be helpful in defending against a charge of willful infringement, even if a court ultimately does not agree with the arguments in the opinion.



9. Are patents worth the cost?

Although recent judicial decisions, pending legislation, and proposed Patent Office rule changes may make it more difficult to obtain and enforce patents in the United States, patents remain extremely valuable to most technology companies. A well-crafted patent portfolio can attract investment dollars and provide a substantial competitive advantage. Patents can be used to exclude competitors from a company's core technology, block competitors from improving their own technologies or innovating within the company's commercial market, and discourage competitors from asserting their patents against the company. Patents can also provide substantial value through licensing revenue and through enhanced negotiation leverage. For example, Texas Instruments, Inc., is reported to have received $600 million in patent income. Polaroid's lawsuit against Eastman Kodak shut down Kodak's entire instant-camera facility, and the damages awarded totaled nearly a billion dollars. Thus, patents can be worth the investment to their patent owners. On the other hand, those accused of patent infringement should take prompt steps to minimize their exposure.

10. Where can I get more information on patents?

Additional information on patents may be obtained from the U.S. Patent and Trademark Office in Washington, DC. Copies of patents are accessible over the Internet from the U.S. Patent Office and other private companies. The U.S. Patent and Trademark Office website (www.uspto.gov) contains information on more than eight million issued U.S. patents.

The assistance of a lawyer experienced in patent matters can help avoid problems before they arise. To contact a patent lawyer or learn more about Knobbe Martens, visit www.knobbe.com.