

Developing a Patent Portfolio

By Brian Hoffman

Intellectual property (IP) is the key asset for many startup companies. Patents are one of the primary tools for protecting the IP. Yet many founders view patents as a mysterious “black box” to be dealt with at a later time. Patents, however, are time sensitive. Companies risk losing protection for their most valuable technologies if they defer patenting.

Developing a patent strategy need not be complicated or time consuming. While there are many variables, your Fenwick patent team can devise an action plan after a single meeting. Likewise, the Fenwick team can quickly grasp complex ideas and draft patent applications after only brief meetings with the inventors. A startup can thus put an effective patent strategy in place without losing focus on the core mission of building the company.

What Is a Patent?

A patent grants the right to exclude others from making, using, selling or importing the patented invention. One who performs these actions without permission is said to “infringe” the patent. A patent holder can assert the patent in court to stop infringing actions and collect monetary damages.

There are several types of patent applications and patents. A utility patent protects functional aspects of technology. This type of patent includes a detailed description of the invention followed by one or more claims precisely defining the scope of coverage. When a utility application is filed with the U.S. Patent and Trademark Office (USPTO), a patent examiner evaluates the claims and may reject or allow the application. The bulk of the following discussion focuses on utility patents.

A provisional patent application is a placeholder that grants a filing date but never becomes an issued patent. A subsequent utility application can be filed within 12 months of the provisional application. The utility application receives the earlier provisional filing date provided the claims of the utility application are supported by the earlier-filed provisional. A provisional application need not be written in a special format; it can be formed of whitepapers, slide decks, or other materials that describe the invention. Provisional applications are useful when a company needs to file an application quickly, seeks to minimize costs, or is unsure whether it will ultimately pursue a utility patent for the invention.

A design patent covers an ornamental (as opposed to functional) feature of a product. Design patents may be used to protect the shape of a product and icons or other user interface elements on a computer screen. Design patents help protect against copycat designs that do not necessarily rely on the same underlying technology.

Why File for Patents?

Patents are valuable for a variety of reasons. Primarily, they present barriers to entry for competitors. A startup having one or more patents on its key technologies can rely on the threat of offensive patent litigation to discourage other companies from entering the marketplace.

Startups seek to counter this threat by obtaining their own patents for defensive purposes. Patent litigation is expensive and most startups would rather not get involved in a lawsuit. Therefore, the threat of complex litigation involving dueling patents is often enough to make both sides stand down. A company without patents misses out on this deterrence effect and may find itself at a disadvantage if a dispute erupts.

Patents also build company value. Ultimately, patents are assets that can be asserted, licensed, or sold. Patents additionally have promotional value and can demonstrate that a company is a leader in a particular field.

Implementing a Patent Strategy

A useful first step to building a patent portfolio is identifying and ranking patentable inventions. The company can then file patent applications for the highest-ranked inventions. An invention may be barred from patenting if it was publicly disclosed or used more than one year prior to the application filing. Therefore, the focus at this stage is on inventions that have not been publicly disclosed or only recently disclosed. In addition, the focus should be on inventions that are improvements to technical systems.

In order to be patentable, an invention must be novel and non-obvious at the time of filing. The novelty requirement asks whether the invention is already known to the public. The obviousness requirement, in contrast, asks whether the invention would be obvious to a “person of ordinary skill in the art.” Oftentimes, there is no clear answer on whether a given invention is obvious and this is an area where your Fenwick patent team can provide guidance.

There is no obligation to search existing technology in order to address the novelty and obviousness requirements. In fact, patent searching is often discouraged because a company may face enhanced penalties if it knowingly infringes a patent. There are some situations, like freedom-to-operate studies, where patent searching makes sense. Such searching should be done in consultation with your Fenwick patent team.

A threshold question when ranking an invention is whether to publicly disclose it. A patent is published upon issuance, thus providing the world with a detailed description of the invention. Additionally, a pending patent application may be published six to 18 months after filing.

The inventions may be scored and ranked using the following criteria:

- **Usefulness** – Would the company be hurt if another company patented the same or similar technology?

- **Commercial Value** – How valuable is the invention to others?
- **Likelihood of Infringement** – How likely is it that others will use the invention?
- **Detectability of Infringement** – How difficult would it be to detect if others are using the invention?
- **Longevity** – Will the invention provide a competitive advantage in the next three to seven years?

Patent Filing

Once an invention candidate is selected for patenting, a member of your Fenwick patent team meets with the inventor to learn about it. Fenwick's patent team is always respectful of inventors' time and the typical meeting lasts no more than one to two hours. Afterward, the Fenwick patent practitioner writes the application and then forwards it to the inventor for review. An average patent application may be 20 – 30 pages in length and have three to five figures. The inventor reviews the application for technical accuracy and signs off on the final draft. At this point the inventor no longer needs to be involved in the patent process.

The Fenwick patent team files the application with the USPTO. The USPTO queues the application for review by an examiner. The patent examiner may allow or reject the application. If the application is rejected, the Fenwick patent team can edit the claims to address the rejection. Oftentimes an application is rejected two to three times before it is allowed. The examination queue can be quite lengthy and it may take three to four years for a patent to issue, although examination can be expedited for an extra USPTO fee.

The US patent application can also be used to obtain international patents. A foreign patent application can receive the US filing date if it is filed within 12 months of the US application. Your Fenwick patent team can advise on how and when to file international applications.

Conclusion

Developing a patent strategy need not be mysterious or burdensome. Patent applications should be filed as soon as possible in order to maximize protection. Please let your Fenwick patent team know when you are ready to build a patent portfolio.

Patent Strategy Takeaways

- Assign a point person to lead patenting efforts. This person serves as a liaison between the company and the Fenwick patent team. The point person has a good understanding of overall company strategy, the ability to identify people in the company working on the key technologies and bandwidth to interface with the Fenwick team.

- Meet with Fenwick's patent team to establish business goals, strategies, and a budget for patents. The point person and the company's key technologists work with the Fenwick patent team to develop a patent strategy and roadmap in view of timing and budget considerations.
- Identify patentable ideas. The point person in combination with the key technologists and the Fenwick patent team review, evaluate and rank potential patent applications. Consider inventions that were developed or disclosed only within the past year. Select inventions for which disclosure of the inventions is acceptable and infringement by others is detectable.
- Identify a lead inventor for each of the inventions for which patent protection is sought, and coordinate between the lead inventor and the Fenwick patent team. The patent team and inventor will meet to discuss the invention in detail. The Fenwick patent team will draft a patent application for the inventor's review.