ROYSE LAW

Intellectual Property

Startup Guide:

Patents

Protecting your intellectual property is imperative to the success of your company. Patents are used by businesses to protect proprietary inventions, and gives the owner a right to exclude others from unauthorized use of their patent.

This guide is intended to provide you with some general information about types of patents, what you will need to register your patent, and how long your rights to the invention will last.

We recommend that any client seeking protection of their patentable work review this basic summary about the rights and regulations of patenting an invention in order to ensure that their valuable work is secured.

Table of Contents

What is a Patent?

A patent is a type of intellectual property right that is granted to an inventor for their work. Generally, the holder of a patent has the right, for a fixed period of time, to prevent others from making, using, or selling the invention without the consent of the holder of the patent, even if the other party independently discovers the invention. Like any other property right, a patent can be assigned in whole as part of a transfer of assets. A portion of the patentee's rights may also be licensed to others for limited uses. In contrast to other forms of intellectual property—copyrights, trademarks and trade secrets—there is no common law patent right and a patent can only be granted by formal action of the designated governmental authority.

Accordingly, patent owners in the United States generally have no right to prevent persons outside the United States and its possessions from making, using, or selling the invention in a foreign country, unless they have also obtained a patent in the foreign country. In the United States, patents are issued and administered at the federal level by the United States Patent and Trademark Office ("USPTO"), which is an agency within the United States Department of Commerce. The individual states do not have any power or authority to issue patents.

In general, the term of a utility patent begins on the date of grant or issuance and ends, if all maintenance fees are paid, 20 years from the filing date for the application for the patent; however, for patents that were in force on June 8, 1995, or that issued on an application that had been filed prior to that date, the term is the greater of 20 years from such filing or 17 years from grant of the patent. At the end of the patent term, the exclusionary right of the owner expires and rights to use the invention pass into the public domain.

Patentability

For an invention to be eligible for patentability under the Patent Act, several statutory requirements must be satisfied: the invention must fall within a statutory class of patentable subject matter; the invention must be useful; the invention must be novel and nonobvious; and the application must be made by persons that satisfy the inventorship requirements in the Patent Act. Following implementation of the America Invents Act, the Patent Act now follows the common practice among the other industrialized nations of the world of granting a patent to the person who is the "first-to-file" a patent application covering the invention, even if such person was not the first inventor of the subject matter. The requirements for patentability are quite complex and technical and the discussion herein is intended to be a simplified overview of the entire process.

The subject matter of a utility patent must be useful. This requirement is generally easily met by establishing that the invention can be operated in a manner that accomplishes at least one of its intended purposes. It is not necessary that the invention provide any improvement over prior practice. In addition, the invention must be capable of being put to present practical use; which means that the utility claimed for the invention cannot be hypothetical or dependent on further research. Inventions will only also receive patent protection if they are not "obvious … to a person having ordinary skill in the art to which said subject matter pertains." The inquiry that will be made in satisfying the nonobviousness requirement will consider some of the same factors that determine if the invention is sufficiently novel.

Finally, the general rule is that patent applications can only be filed by person who has actually invented the subject matter claimed in the patent application. In those cases where the invention resulted from the work of two or more persons, the application must be jointly made by all the co-inventors. Many inventions that qualify for patent protection are conceived by employees during the course of their employment by a corporation or other business entity. In the United States, an employer usually has the legal right to have the patent on an employee's invention assigned to it if the employee was hired to invent, provided that the parties have previously entered into a valid, written assignment-of-inventions agreement satisfying the requirements of applicable state statutes. In the event such an agreement has not been executed by the employee, the employer has only a "shop right," or royalty-free license, to use the invention, but does not own the patent or has the right to grant licenses with respect thereto.

Categories of Patents

The most well-known type of patent recognized under the Patent Act is the "utility patent," which is based on the statutory language in the Patent Act that provides for protection of "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." In addition, the visual characteristics of an object, such as its configuration, shape or surface ornamentation, may be eligible for design patent protection provided that the design is also new and original. The protection provided by these design patents is for the appearance of the object rather than any functional characteristics. A plant patent may be available for distinct and new varieties of plants that have been asexually reproduced by the inventor, including cultivated sports, mutants, hybrids and newly found seedlings, but not "tuber propagated" plants or plants found in an uncultivated state.

Patent Examination

The patent application, which must be filed with and examined by the USPTO, must contain a full description of the invention and the specific inventive "claims" that one is seeking to patent. The level of detail that must be disclosed in the application must be sufficient to allow one skilled in the art to make and use the invention. A provisional application procedure is available for purposes of establishing priority without incurring the immediate expense of preparing a full-blown application. A provisional application will not be examined by the USPTO and cannot result in the issuance of a patent; however, it does reserve a place in line for the applicant for up to one year from the date it is filed so that the applicant can decide whether it is worth the expense of filing a nonprovisional application that would have a priority date that is the same as the date that the provisional application was filed. While it is not necessary for a provisional application to include claims as with a complete patent application the applicant must provide disclosures in the provisional application that are sufficiently complete to support the claims that will eventually be asserted in the nonprovisional application.

After filing, a patent application is classified by the USPTO in a specific class and subclass according to the most comprehensive claim and is assigned to an examining group within the USPTO having particular knowledge regarding the subject matter covered by the application. The general rule followed by the PTO is that patent applications will be examined in the order determined by reference to their effective U.S. filing date and, in general, the application will remain in limbo for a substantial period of time before being acted upon by a patent examiner. Patent examination may take anywhere from 12 months to several years to complete.

Unless an exclusion applies, a patent application will be electronically published on the USPTO's website 18 months after the effective filing date of the application. Since publication of applications provides notice of the claimed rights to potential infringers, an inventor may now be entitled to a reasonable royalty for infringing uses that occur between the application date and the date the patent is issued.

When the patent application is ready for examination, the examiner carefully reads the entire patent application and determines whether the application meets the appropriate statutory requirements concerning the description, best mode, and disclosure. In addition, the examiner conducts a "thorough investigation of the available prior art relating to the subject matter of the claimed invention." While the examiner may allow the application immediately to become a patent, the more likely result of the initial examination is that some or all the claims will be rejected, and the examiner will raise objections to the specification and drawings. An objection deals with problems relating to form, while a rejection deals with substantive issues. Most patent applications will receive some form of rejection in the first USPTO Office Action. This rejection should not be considered by the inventor as a complete rejection of the invention. In many instances, sufficient persistence together with good reasons supported by adequate persuasion may remove the initial rejection.

Patent Infringement

A patent owner has the right to commence legal proceedings against people who infringe upon the owner's exclusive right to make, use, or sell the invention claimed in the patent. The patent owner may also be able to sue anyone who causes another to infringe the rights of the patent owner or contributes to that infringement. Patent owners may also have rights under their patents to obtain reasonable royalties from others who made, used, offered to sell, sold or imported the invention claimed in the application on which the patent was granted.

A defendant may defend a patent infringement action by denying that the acts in question constituted infringement and by attempting to demonstrate noninfringement. Alternatively, the defendant may argue that the patent was invalid, or that there was conduct on the part of the patent owner that would prevent the defendant from being liable.

Conclusion

We hope that you found this helpful as you begin thinking about your patent needs for your business. We look forward to talking with you about how to protect your intellectual property and working with you to ensure your rights are enforceable.

This startup guide is intended to contain general information as to some of the legal matters that a client may encounter during a financing. It is not intended to be comprehensive or otherwise constitute legal advice or opinion. Please contact us if you have any questions.