Seminar Supplement
A Summary of Practical Patent Information
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Prompt Patent Filing Is Best

Just as a deed to land should be filed as quickly as possible, in general, a patent application should also be filed as quickly as possible to claim an invention before someone else claims it. Alexander Graham Bell's race with Elisha Gray to file an extremely valuable telephone patent application is still a very relevant lesson for every inventor to remember.

Patent Rights Begin on Issue

An issued (formally granted and published) patent provides a time-limited monopoly. For U. S. utility patents (the most common type), the monopoly ends 20 years after the filing date, or a *de facto* 17 years after the issue date (if the Patent Office delays the patent process beyond three years). There are exceptions for unusual situations. For U. S. design patents, the monopoly ends 14 years after the issue date. Design patents concern ornamental designs without a utilitarian function (but they can be quite valuable). However, design patents will not be discussed further on this summary. The discussion of patents below will be concerned with U. S. utility patents.

What is Patentable?

Patentable inventions are: novel, useful, and non-obvious (to another person with ordinary skill in the field of art, normally having a number of years of education and experience). These terms will be defined more clearly below.

Novel Inventions

Novel means that before the date of invention the invention is:

- not known or used by others in this country,
- not sold or offered for sale in the U. S.,
- not described in a U.S. or international patent filed by another before the date of invention, and
- not disclosed in a publication by another anywhere in the world on the date of invention.

What is the Date of Invention?

The date of invention is whichever is earliest of the following:

- the date of conception in a NAFTA or World Trade Organization (WTO) country, followed by diligent effort to patent it or build and test it, or
- the date you built and tested your invention in a NAFTA or WTO country, or
- the date you filed your provisional patent application or utility patent application.

An Invention Must be Useful

It is difficult to broadly define "useful," but these inventions are normally unpatentable:

- silly or non-functional inventions,
- illegal inventions,
- mental or theoretical inventions, or
- unsafe inventions.

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What Types of Inventions Can Be Patented?

The best business opportunities at this time might be computer software, wireless, business methods, medical technology, biotechnology, and nanotechnology. Almost any invention in these areas can be protected by U.S. patent applications, if the invention is in one of these categories:

- machines (e.g., devices),
- articles of manufacture (e.g., products such as medical devices),
- compositions (e.g., products made by a process, such as metal alloys or drugs),
- processes (e.g., methods for making a product, methods for using a product),
- and processes or methods in general (even new methods for conducting business, or a new use for a known process, machine, article of manufacture, composition of matter, or material).

What Are the Characteristics of a Valuable Patent?

The patent drawings should show the various aspects of the invention that are potentially commercially valuable. The patent claims are supported by the patent drawings and the patent specification (i.e., the text description of the invention). The words in the patent specification are defined explicitly and consistently with the patent claims, and whenever practical, the words are defined broadly to cover all the commercially practical implementations of the invention. All the known prior art (e.g., prior patents, technical journal articles, magazine articles, and so forth) are disclosed to the Patent Examiner for consideration. This is important since it minimizes the chance that someone will find a prior art reference to legally invalidate the patent in the future.

The Claims Are Also Extremely Important for a Valuable Patent

The patent claims legally describe the boundary of your intellectual property (the legal extent of your invention). It is very similar to a deed's description of real estate property that describes the location and boundary of the real estate property. A broad claim, like a large boundary description in a land deed, is more valuable than a narrow claim for a small boundary. Broad claims have fewer words, but narrow claims have many words and such claims make it easy for other companies to bypass the property boundary and avoid paying patent royalties.

Patent Infringement Penalties

If the patent owner does not receive payment of royalties, penalties can potentially include:

- actual damages with costs and interest, but no less than a reasonable royalty,
- recall and destruction of all infringing products (at enormous cost),
- shut-down of a factory,
- triple damages (for willful infringement after you had actual or constructive notice of the patent being infringed).

One good defense to avoid the possibility of paying triple damages is to promptly obtain a well-reasoned opinion from a patent attorney that the patent you are accused of infringing is not valid, or that it is not infringed.

Well-Written, Commercially Relevant Patents Can Be Extremely Valuable

Companies will pay considerable amounts of money to acquire good patents that fit their business plans, to block or attack competitors or enhance their own patent portfolios. One example is a group of three DNA Polymerase Reaction patents purchased from Cetus by Roche for $300 million dollars. Well-written patents can be marketed and sold for large amounts of cash.

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