



# Maximizing Your Patent Protection

## Controlling Your U.S. and International Costs

The purpose of this booklet is to answer the questions inventors, attorneys, CPAs and business people frequently ask concerning patent protection for inventions.

### Step 1: The Initial Attorney Interview

As a first step, the inventor should discuss the idea with a registered patent attorney. Many patent law firms charge a nominal fee for a first office visit. At the initial office interview, the patent attorney will probably discuss the legal requirements for patentability. The criteria for obtaining a patent are set forth in Title 35 of the United States Code. The most common reasons an invention is *not* patentable are:

- It falls into an unpatentable category, e.g., laws of nature, business plans, etc.
- It has been invented by another who has not abandoned or suppressed the idea.
- It has been in public use, the subject of public knowledge or on sale for more than one year before the U.S. patent application has been filed.
- It is “obvious” in view of prior inventions.

There are other important considerations that may also affect the ability to obtain patent protection. Since all communications between the inventor and the patent attorney are considered to be confidential and are protected by the “attorney/client privilege,” it is to the inventor’s benefit to thoroughly discuss all relevant aspects of the invention at the first interview.

If the inventor works for a company but does not intend to assign his patent rights to his employer, then that situation should be discussed at the outset. Many employment agreements require that *all* inventions be assigned to the employer. *Even if* no employment agreement exists, the employer may still have legal rights in the invention by virtue of the Common Law doctrine of “Shop Right.” Resolving potential invention ownership problems early on will help prevent difficult confrontations later.

### Step 2: The Written Disclosure

It is strongly advised that the inventor prepare a written disclosure of the idea when it is conceived or as soon as possible thereafter. The written disclosure *must* be signed and dated on each page by the inventor and must also be witnessed by one, and preferably two, disinterested (i.e., non-relative and non-co-inventor) witnesses on each page. The witnesses should sign and date each page under the caption “READ AND UNDERSTOOD.” Bear in mind that the unwitnessed records of an inventor are virtually worthless under U.S. patent law. Therefore, it is extremely important that the inventor keep adequate records to document the date of conception.

The disclosure should be legible and in ink. It does not have to be typed if the inventor’s handwriting is readable. It must, however, be understandable. A couple of clear ink sketches and a few handwritten pages are frequently sufficient. A good disclosure should include:

1. A written description of the preferred version of the invention and an explanation of its operation.
2. A sufficient number of sketches so that one familiar with the technology can readily understand what the invention is.
3. A brief description and sketches of likely alternative versions of the invention.
4. A statement of the advantages to be gained from the invention’s use.
5. A list of all co-inventors.

The inventor may have read or been told that an individual can protect the date of conception of an idea by sending an unopened registered letter to himself. That approach is not recommended because there is no corroboration by an independent witness of the date of conception. An alternative approach is to take advantage of the U.S. Patent Office’s Documents Disclosure Program, which doesn’t provide any advantages above and beyond those that a good witnessed disclosure will provide. In addition, the documents held by the

U.S. Patent Office under the Document Disclosure Program are destroyed after two years.

The best method of systematically keeping good records is to employ a laboratory notebook specifically designed for inventors. Such notebooks are not easy to find. One source for satisfactory laboratory notebooks is Scientific Bindery Products, 732 South Sherman Street, Chicago, IL 60605; Tel (312) 939-3449. Their Laboratory Notebook Model No. B 100 P is highly recommended.

### Step 3: The Patent Search

The next step involves a detailed search of what is known as the “prior art” to ascertain whether the invention is patentable. A reliable patent search requires a review of all of the relevant patents on file in the United States Patent and Trademark Office in Arlington, VA. Complete patent searches are rarely performed on computer since the patent database is not yet sufficiently detailed or versatile enough to provide reliable results. However, occasionally a computer search will be made as a preamble to a more detailed manual search at the U.S. Patent and Trademark Office. The search is typically performed by the patent attorney or by one of his or her Washington associates. It is important that the disclosure document be sufficiently detailed so that the person performing the patent search clearly understands the inventor’s idea. The cost of the search is generally the same regardless of who performs the work. A typical search takes about three to four weeks to complete. Once the search has been performed, the patent attorney will prepare a report giving an opinion as to whether patent protection can be obtained on the idea. The report will also indicate the cost of preparing a patent application. This cost obviously will vary from invention to invention, depending on complexity.

Approximately 50 percent of the ideas screened at the initial attorney interview are clearly not eligible for patent protection. For the remaining 50 percent, a patent search is usually recommended by the patent attorney. Slightly more than 60 percent of all patent searches come back with unencouraging results. Accordingly, out of an initial 100 inventors who bring an idea to a patent attorney, no more than 20 of those individuals will end up ultimately filing a patent application.

### Step 4: The Patent Application

If the results of the patent search are encouraging, then a patent application is the next step. It typically requires six to eight weeks to prepare and file a patent application. Since a patent application is a substantial undertaking, the client is normally expected to make a payment in advance to cover anticipated out-of-pocket expenses such as filing fees, drawings, etc. The preparation of a patent application is a time consuming activity because each invention is, by definition, unique. Therefore, there are no standard forms that can be

employed. Most applications will require drawings. The drawings are usually prepared by a qualified, bonded patent illustrator. Inventors are not encouraged to prepare their own illustrations since the preparation of patent drawings requires special training. The patent attorney will write one or two drafts of the patent application for preliminary review by the inventor. When the inventor is satisfied with the application, it is finalized and filed with the U.S. Patent Office along with the U.S. government filing fee, the drawings, a prior art statement, a Small Business Entity Statement (if indicated), a declaration, a power of attorney, an assignment (if required) and various other documents.

As of June 1995, it became possible to file provisional patent applications in the United States Patent Office. Provisional patent applications are informal documents that permit the applicant to obtain a U.S. patent filing date based upon the deposit of a disclosure that adequately describes the invention. It does not require claims or formal drawings or an Information Disclosure Statement (IDS). It has the advantage that it can be filed quickly and with minimal cost. It has several disadvantages though.

The first major disadvantage is that a provisional application has a life of only one year unless a full U.S. or Patent Cooperation Treaty (PCT) application is filed before the one-year lifespan has lapsed. Therefore, the total cost of the patent program can be more than filing a regular U.S. application right at the beginning. The second major disadvantage is that it can give the inventor a false sense of security. The disclosure for a provisional must be as comprehensive and enabling as a fully prepared U.S. patent application, otherwise the U.S. application may lose the benefit of the original provisional filing date. This can have devastating effects on the U.S. case or any foreign cases that might be filed. In summary, U.S. provisional applications should not be considered as a quick and dirty substitute for a conventional U.S. patent application. Instead, provisional applications should be filed selectively where time is a critical factor and only if the original provisional disclosure is relatively comprehensive.

### Step 5: Patent Application Prosecution

After the patent application is filed, it will take about 10 months before the application is examined by the U.S. Patent and Trademark Office. Once the application has been acted upon, the patent attorney will receive a letter known as an “Office Action” from the Patent Examiner. Approximately 90 percent of all first office actions are rejections of one form or another. Ultimately, however, 60-70 percent of all patent applications end up as issued patents. After the Office Action is received, it is forwarded to the inventor with comments from the patent attorney. The inventor and the attorney normally get together within three months of the mailing date of the first office action in order to decide upon a strategy and draft an effective response. Typically, an amendment is filed

making changes to the claims, and hopefully, placing the application in better condition for allowance. A typical patent application takes about two years to become an issued patent from the date the application is filed. There is also an issue fee to be paid by the inventor when, and if, the application is allowed.

The life of a U.S. patent is 20 years from the date of filing, assuming, of course, that the application issues as a patent. Recent changes in the patent laws require that renewal charges be paid every 3½, 7½ and 11½ years after the date of issuance of a patent in order to keep it from becoming abandoned.

### Step 6: Promoting the Invention

Obtaining a patent is just one step in the process of promoting an invention. Frequently the inventor's personal attorney or CPA can be helpful in assisting the inventor after the patent issues. For example, should the inventor incorporate? The inventor's personal attorney should be able to help in the formation of an appropriate promotional vehicle. In addition, the inventor's personal attorney or CPA may be able to assist in steering the inventor towards sources of financing and/or sources of business advice. A well-drafted business plan is critical to the success of any business venture.

One word of warning: There are numerous invention-promotion organizations that prey upon inventors. If the inventor has any questions concerning such an organization, he should ask his patent attorney to find out if anything is known about the reputation of the organization. It is sad but true that many promotion companies make their money from inventors rather than from the inventions they are paid to promote.

As a rule of thumb, avoid any patent protection or marketing organization that has an 800 telephone number.

There are, fortunately, some good invention evaluation organizations that will look at new technology and analyze them for a small fee. One of the best is the Wisconsin Innovation Service Center located in Whitewater, WI; (262) 472-1365 or <http://academics.uww.edu/business/innovate>.

### Step 7: Keep It Secret

Lastly, it is highly advisable that the inventor keep his inventions a secret, at least until a U.S. patent application is filed. The premature public disclosure of an idea cannot only affect the inventor's U.S. patent rights but may affect his ability to obtain foreign patent rights as well. If the inventor feels it is absolutely necessary to disclose his invention before a patent application is filed, then it is strongly advised that the group receiving the information be kept as small as possible. *Each* member of the group should sign a confidential disclosure agreement before that individual received the confidential information. Your patent attorney can assist by preparing a confidential disclosure form appropriate to the particular circumstances.

### Step 8: Foreign Patent Protection

Foreign patent programs can be **very** expensive and, therefore, care must be exercised in the selection of where a patent application will be filed overseas. Foreign patent laws are frequently different from U.S. law and the field is relatively complex. For example, most foreign countries are not as liberal as the United States and do not have a one-year grace period before filing. Therefore, if an invention has been made in the United States and sold overseas or published in media that reaches foreign countries before a filing of an application in the U.S., then the inventor may have lost the right to file in many major industrialized countries overseas. Here are some useful tips for a foreign filing program:

1. File your foreign cases or a PCT application within one year of the filing date of your regular U.S. patent application or your provisional patent application, whichever filing date comes first.
2. If the inventor is likely to file in three or more foreign countries consider filing a PCT application. The filing fee of a PCT application is typically in the range of \$2,000 – \$3,000 and, therefore, a PCT is normally more expensive to file than a U.S. case. A PCT case, however, has the advantage that it can postpone the very expensive national phase up to a full 30 months from the earliest date upon which the PCT application is based. This can be helpful if finding financing for a foreign patent program is likely to be a problem.
3. It is generally less expensive to file in English-speaking countries like Canada, Australia, the UK, South Africa or New Zealand than it is to file in translation countries such as Japan, Germany, Korea, etc. As a very rough guide, an applicant should figure on between \$2,500 – \$6,000 per country just to file.
4. If the applicant is considering filing in Europe, it is possible to file a single European Patent Application in the European Patent Office (EPO) that may be based upon a U.S. application or a PCT application. The EPO application allows the applicant to prosecute the application once instead of in 20 different European patent offices simultaneously. The EPO application can be expensive to file, running between \$5,000 – \$10,000, but it is considerably less expensive in the long run than filing a group of national applications right from the beginning. If the EPO application has been approved by the EPO and published, it can be converted into national patents upon the payment of the required national fees.
5. Make sure that the foreign associates have sufficient experience in the specific area you need to protect. For example, if the invention is in the area of “fuzzy logic” or “neural nets,” has the associate worked in that area before? It is a good idea to send the patent application paperwork to your foreign associate at least one month,

and preferably two, before the foreign filing deadline. Ask the foreign associate what the full filing cost would be and what additional documents are needed. That will help minimize unpleasant cost surprises.

6. Keep in mind that most foreign countries require the payment of regular, frequently annual, maintenance fees to keep patents and patent applications in force, much the same as the U.S. Patent Office requires the payment of maintenance fees every 3½, 7½ and 11½ years after a patent issues. These costs can become substantial and need to be factored into the overall cost of the patent program.
7. Last but not least, each foreign country needs to be studied from the return on investment perspective. If you have a new drug to fight malaria, do you really need a patent in Canada? If you obtain a patent in a developing nation, do they have a dependable judiciary and enforcement system to police your rights? Does the country show hostility to foreign patent holders? Does the market for the patented product or process justify the cost? A carefully targeted foreign patent program that selectively identifies countries that produce the maximum return on investment is the optimum approach. Sophisticated guides exist to help in this selection; your patent attorney can also help.



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