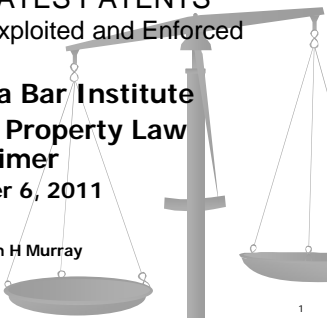


UNITED STATES PATENTS
How They Are Exploited and Enforced

Pennsylvania Bar Institute
Intellectual Property Law
Primer
October 6, 2011

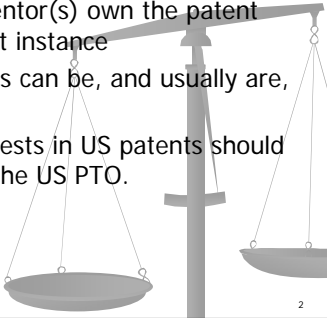
William H Murray



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Ownership of Patent Rights

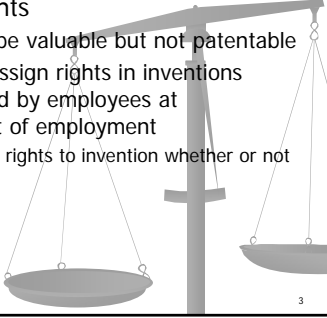
- The named inventor(s) own the patent rights in the first instance
- Ownership rights can be, and usually are, assigned
- Ownership interests in US patents should be recorded in the US PTO.



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Assignments

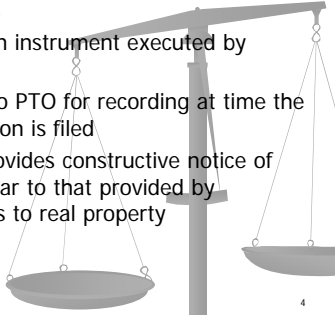
- Of invention rights
 - Invention may be valuable but not patentable
 - Agreement to assign rights in inventions usually executed by employees at commencement of employment
 - Employer owns rights to invention whether or not patentable



3

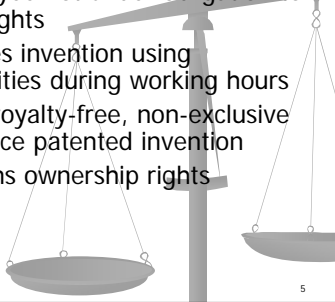
Assignments (cont)

- Of patent rights
 - Made by written instrument executed by inventor(s)
 - Typically sent to PTO for recording at time the patent application is filed
 - Recordation provides constructive notice of ownership similar to that provided by recording deeds to real property



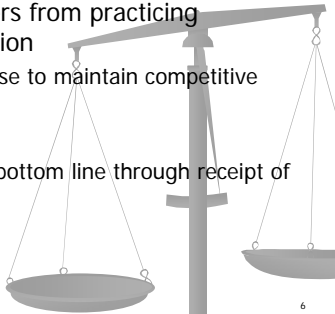
Shop Rights

- Inventor/employee not under obligation to assign patent rights
- Employee makes invention using employer's facilities during working hours
- Employer gets royalty-free, non-exclusive license to practice patented invention
- Employee retains ownership rights



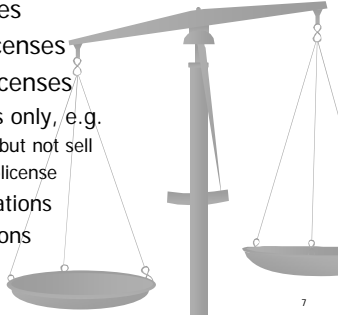
Exploiting Patent Rights

- Preventing others from practicing patented invention
 - Refusal to license to maintain competitive advantage
- Licensing
 - Improving the bottom line through receipt of royalties



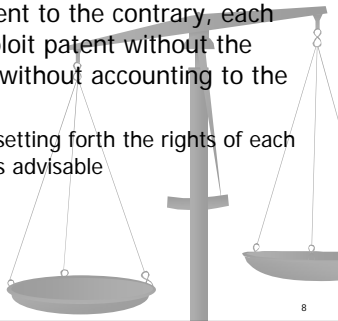
Licensing Patent Rights

- Exclusive licenses
- Nonexclusive licenses
- Limited rights licenses
 - Particular rights only, e.g.
 - Right to make but not sell
 - No right to sublicense
 - Territorial limitations
 - Product limitations



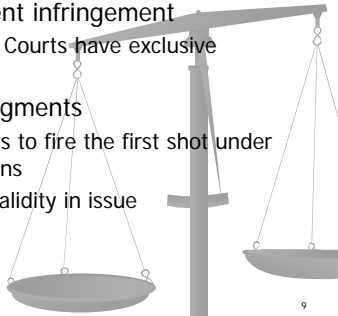
Rights of Joint Owners

- Absent agreement to the contrary, each has right to exploit patent without the consent of and without accounting to the other owners
 - An agreement setting forth the rights of each owner is always advisable



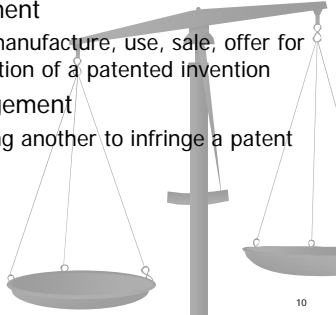
Enforcement of Patent Rights

- Actions for patent infringement
 - Federal District Courts have exclusive jurisdiction
- Declaratory Judgments
 - Allows infringers to fire the first shot under certain conditions
 - Places patent validity in issue



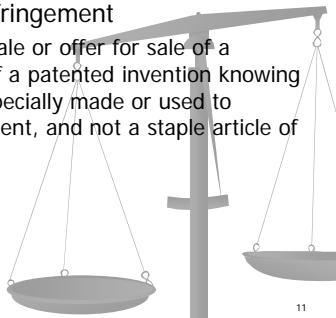
Types of Patent Infringement

- Direct infringement
 - Unauthorized manufacture, use, sale, offer for sale or importation of a patented invention
- Inducing infringement
 - Actively inducing another to infringe a patent



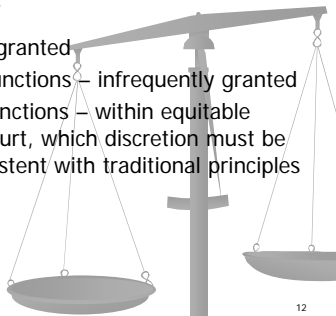
Types of Patent Infringement (cont)

- Contributory infringement
 - Unauthorized sale or offer for sale of a material part of a patented invention knowing the same is especially made or used to infringe the patent, and not a staple article of commerce



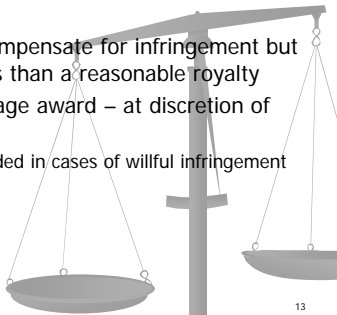
Remedies

- Injunctive relief
 - TRO's – rarely granted
 - Preliminary injunctions – infrequently granted
 - Permanent injunctions – within equitable discretion of court, which discretion must be exercised consistent with traditional principles of equity



Remedies (cont)

- Damages
 - Adequate to compensate for infringement but in no event less than a reasonable royalty
 - Enhanced damage award – at discretion of the Court
 - Typically awarded in cases of willful infringement



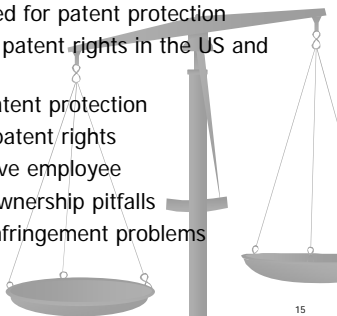
Remedies (cont)

- Attorney's fees
 - Awarded at discretion of the Court in exceptional cases
 - Such as cases of willful infringement, bad faith litigation, or inequitable conduct
 - **Note: under the America Invents Act, failure to obtain the advice of counsel may not be used to prove willful infringement (§ 298 America Invents Act)**
 - Time limitation – six years before filing lawsuit
 - Marking and notice – actual notice required if patented product not marked with patent number



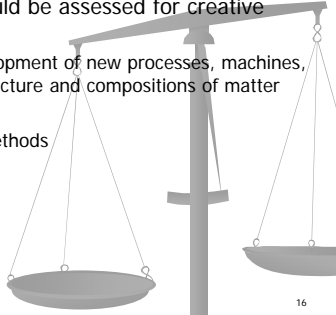
Advising Your Client About Patent Rights

- Recognize the need for patent protection
- Steps to preserve patent rights in the US and elsewhere
- Steps to obtain patent protection
- Steps to enforce patent rights
- Reward the creative employee
- Avoiding patent ownership pitfalls
- Avoiding patent infringement problems



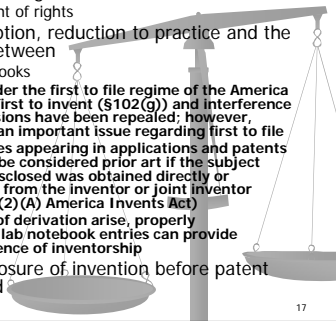
Recognize the Need for Patent Protection

- Patent rights should be assessed for creative activities such as:
 - Design and development of new processes, machines, articles of manufacture and compositions of matter
 - Software
 - Manufacturing methods



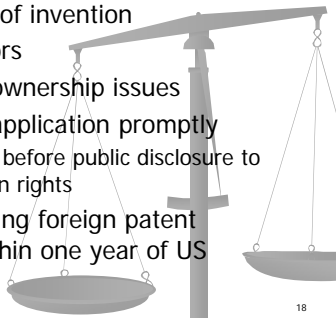
Steps to Preserve Patent Rights in the US and Elsewhere

- Employee invention agreements
 - Secure assignment of rights
- Document conception, reduction to practice and the progress made between
 - Laboratory notebooks
 - although, under the first to file regime of the America Invents Act, first to invent (§102(g)) and interference (§135) provisions have been repealed; however, derivation is an important issue regarding first to file
 - disclosures appearing in applications and patents shall not be considered prior art if the subject matter disclosed was obtained directly or indirectly from the inventor or joint inventor (§102(b)(2)(A) America Invents Act)
 - when issues of derivation arise, properly corroborated lab notebook entries can provide credible evidence of inventorship
- Avoid public disclosure of invention before patent application is filed



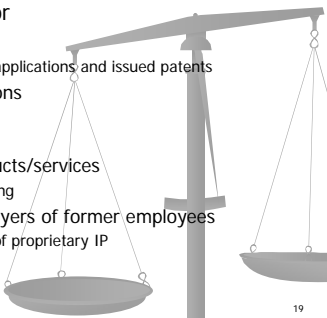
Steps to Obtain Patent Protection

- Document acts of invention
- Identify inventors
- Avoid adverse ownership issues
- File US patent application promptly
 - File application before public disclosure to preserve foreign rights
- File corresponding foreign patent applications within one year of US



Steps to Enforce Patent Rights

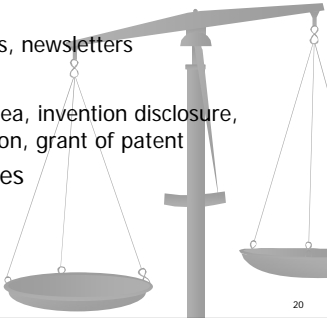
- **Vigilance – monitor**
 - **USPTO**
 - Published patent applications and issued patents
 - **Industry publications**
 - Advertising
 - Catalogs
 - **Competitors products/services**
 - Reverse engineering
 - **Activities of employers of former employees**
 - Misappropriation of proprietary IP



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Reward the Creative Employee

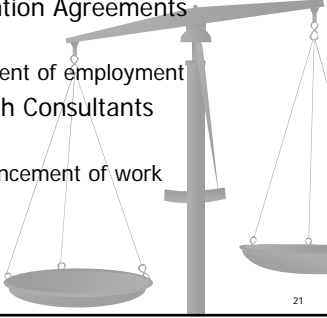
- **Recognition**
 - Plaques, dinners, newsletters
- **Bonuses**
 - Payments for idea, invention disclosure, patent application, grant of patent
- **Share of Royalties**



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Avoiding Patent Ownership Pitfalls

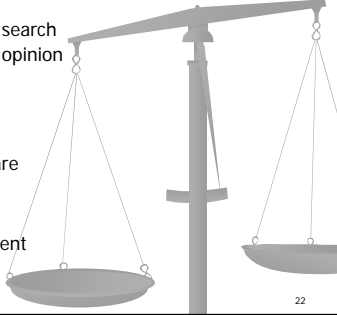
- **Employee Invention Agreements**
 - In writing
 - At commencement of employment
- **Agreements With Consultants**
 - In writing
 - Prior to commencement of work



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Avoiding Infringement Problems

- Patents
 - Non-infringement search
 - Non-infringement opinion
- Trademarks
 - Clearance search
- Copyrights
 - Application software
- Trade Secrets
 - Company policy
 - Employee agreement



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QUESTIONS

