Patents and Startups

December 6, 2016

presented by:

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A Patent ...

Gives the owner the right to exclude others from making, using or selling, offering for sale, or importing his/her invention.

Utility Patent  →  20 years from filing date
Design Patent  →  14 years from issue date
A Patent... (cont)

- Does **not** give its owner the right to make, use, sell, offer to sell, or import
  - (Common misconception)

- The right to make, use, etc. is the absence of non-licensed patents of others that the manufacture, use, etc. would infringe
Ownership

- In the U.S., patent rights belong to the inventors.

- Assignment clause in employee/consultant agreement critical.

- Execute assignment document for every patent application, provisional and non-provisional.
Employee/Consultant Agreement

- Consult IP attorney on Agreement

One take away:

Do:
I hereby assign to COMPANY all rights in the United States and throughout the world to inventions, discoveries, improvements, ideas, designs, processes, formulations, products, computer programs, works of authorship, databases, mask works, trade secrets, know-how, information, data, documentation, reports, research, creations and other products arising from or made in the performance of my employment.

Don’t:
I hereby agree to assign to COMPANY ....
Important Considerations for Entrepreneurs:

- **Patents are time and activity sensitive**
  - Keep it private!

- **Action by Inventors**
  - Public Disclosure
  - Publication
  - Public Use
  - Public Sale or Public Offer to Sell*

- **Patents are expensive**
  - Be smart about what you file on and where you file.
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Patent Process - Lifetime

- Preparation and First Filing: $10-30K
- PCT: $3-7K
- International Phase: $0-50K
- National Phase Filing: $30-250K
- Examination: $7K-350K

- WITHIN 1 YEAR
- WITHIN 30 Months
- 3-5 YEARS
- MAINTENANCE FEES
Typical U.S. Patent Prosecution

Utility Application Filing
- First Examination
- First Response
- Final Rejection
- Response/RCE

2 Years 3 mos. 6 mos. 3 mos. 1 Year 3 mos. 6 mos. 3 mos. 5 Years

$10-20K $5K $6K $5K $7K $33-43K
Simple Strategy

1. Request Track One Prioritized Examination in U.S.
2. If foreign filing:
   - File Parallel PCT Application
   - Use Patent Prosecution Highway
Expedited U.S. Patent Prosecution (Typical Case)

- Application Filing: $10-20K
- First Examination: $2K
- First Response: $5K
- Final Rejection: $5K
- Response: $22-32K
- Notice of Allowance: Savings = ~$11K

4 mos. → 3 mos. → 2 mos. → 3 mos. → 1 Year → U.S. Patent
Expedited U.S. Patent Prosecution (Frequent Case)

- Utility Application Filing: 4 mos.
- First Examination: 3 mos.
- First Response: 7 mos.

Total Time: 14 mos.

Initial Costs:
- $10-20K
- $2K
- $5K

Final Costs:
- $17-27K

Savings: ~$16K
Expedited U.S. Patent Prosecution (Best Case)

$10-20K $2K $1K $13-23K

Utility Application Filing First Examination Examiner Amend. Notice of Allowance

4 mos. 1 mo.

5 mos.

Savings = ~$20K
Patent Landscape – Vigilance and Diligence

- Be familiar with the Prior Art
- Carve out your Protection
- Know your Competitors
- Understand where others have secured Protection
- Evaluate Freedom to Operate
- Understand IP Strength, Risks
A Trademark Is A . . .

- Word
- Name
- Symbol
- Design
- Slogan
- Word/design combination
- Distinctive sound
- Color
- Product shape
- Scent

1. Make sure mark is not registered
2. Make sure mark is not generic
Trademark Selection

(-) generic descriptive suggestive arbitrary fanciful (+)

ASPIRIN ESCALATOR COPPERTONE HULA-HOOP KODAK REEBOK

BOSTON BEER ARTHRITICARE APPLE COMET
Questions/Discussion