

5 things that CXO should know about Patents

Whether you are a CXO of a well-established company or a tech startup, you would be eager to monetize your inventions and grow through technology innovations. Here are the thoughts on effectively managing and benefitting from your patents.

1. Why Patent protection for your invention?

The process of trying to decide whether to patent the invention can be overwhelming for techies unaware of patent intricacies. These tips will help you to make a better decision.

A patent is a right granted by the government allowing the patent holder to exclude others from making, using or selling, offering to sell, or importing that which is claimed in the patent, for a limited period of time (which is twenty years from the date of filing).

First and foremost, the patent protection of your invention would give you an exclusive right over your invention for a limited period and thus would help you keep others out of market. In today's world of competition, excluding competitors from direct competition can be extremely valuable to drive business.

Even if you are not intending to commercialize your invention, there will be others out there, willing to license the patent from you, based on the value of your invention. You can generate additional revenues for the company by licensing your patents. You could utilize your patent for cross-licensing deals and that too allows for better negotiations in technological transfers and showcases your technical capabilities. A patent would give credibility to your products. Even a "Patent Pending" signature would also enhance the market value of the product. Patent is an intangible asset and its value is included in the value of the company. Patents and patent portfolios play an important role in due diligence,

Mergers & Acquisitions. It would also significantly influence your company's stock value.

If your idea / invention is commercially viable, go ahead and patent it. A well drafted quality patent is worth every pie that you spend on it. It will fetch you returns in times to come.

2. When to file for Patent Application?

Most important- record your idea or invention systematically in detail from day one. Apply for a patent the moment you have a clear idea of how your idea / invention works.

For an Instance : On 14th February 1876, Alexander Graham Bell applied for a patent on an apparatus that could transmit speech electrically, beating out his rival, Elisha Gray, by just two hours. When Gray later filed a lawsuit, the court awarded Bell the patent and Bell went down in history as the inventor of telephone. So, timing is all that matters! When it comes to patents, it is file now or perish.

If you have an idea and you are working towards it, it is important that you apply for a patent before idea or invention is publically disclose that or sell the product. Once the idea is in the public, you opportunity to seek patent protection would be lost. In the past several opportunities for patenting have been lost

due to premature disclosure or prior disclosure! Only the US Patent laws allows one year grace period for inventors to patent their invention after publically disclosing it.

But before you apply for that patent, it is very important to do a thorough prior art search to make sure that you will get the patent grant for your invention. An experienced patent professional / agency could help you with the novelty search. The patent application has to be drafted with sufficient care so as to provide a reasonably broad coverage to the invention. The application should be drafted considering the technology trend of the future and the patenting strategy of your competitors. Of course, you do not want to invest your money on getting your patent issued with narrow claims or claims that cannot be effectively enforced..

3. What kind of a Patent application should you go for ?

You have a choice of applying for a provisional or a non provisional application. Filing provisional application takes relatively less time to prepare and hence you will get an early filing date. Early filing date would eliminate a good number of references as prior art, especially in fast growing technology areas. It would give you additional time to work and develop on your invention, before you file the complete application. Following the provisional filing,

a complete or non-provisional application has to be filed within 12 months. However while filing provisional application, it is important to cover all aspects of the invention as any new matter added in the following non-provisional will not get the benefit of the early filing date.

If you wish to market your product outside your home country, then filing patent applications in those countries also becomes important. This could be done through Patent Cooperation treaty (PCT) or through filing in individual countries. If you want to cover multiple countries, PCT provides an easy and economical route. However, through PCT, it takes typically four to five years for your patent to be issued. Therefore, if the invention is in a fast growing field and you would like to market quicker, it may be better to go through individual countries. As is evident from the discussion, each one of them has its pros and cons. So, before you plan your filing strategy, it may be worth discussing with a patent expert. We will also discuss more on these issues in the coming issues of Imagine.

4. You have a Patent now, can you practice your invention?

You may be surprised to know that patenting your invention does not necessarily give you the right to manufacture it . As said before, patenting your invention only allows you to exclude others from making your invention.

For example, you may have a patent on a special gripped lid jars that would help people to open the jar easily. But suppose another company already has a patent on making jars, you cannot make your gripped lid jars unless you have an agreement with that company. At the same time, that company cannot make your special gripped jars, if it is not included in their patents, unless they get the license from you. However, it is still worth patenting your idea because you could try to license or cross-license with that company or sell your patent. Or you could practice your invention after your competitor's patent expires.

Before investing the money on making the invention, it is always important to do a “freedom to practice search” to find out if you are infringing on somebody else's patent. If you come across any close and relevant patent, it is good to get the opinion from a legal expert to make sure that you are not infringing on that patent. If so, you may need to get license from them to make your invention. Many companies have got into litigations for infringing patents and have lost millions of dollars in the past

5. Why is it imperative to develop a comprehensive Patent portfolio

To boost your business, it is not sufficient to file just one or two patent applications. A well planned strategic patent portfolio well aligned with your business plan is critical. Such a patent portfolio may be used for bolstering your market position, protecting research and development efforts, generating revenue, and for cross licensing agreements. Many companies with strong patent portfolios generate huge revenues by utilizing their patents strategically. For example, IBM generates close to \$2 billion dollars a year from licensing its patent portfolio.

However for smaller companies developing a comprehensive patent portfolio can be expensive. Early planning can help to obtain a few high quality patents that cover their key products, processes, and machines. It is important to generate a precise research plan by a few brainstorming sessions with the inventors, technologists, and IP professionals. A comprehensive market survey along with patent landscape in the desired technology area may be used to devise a strategic patent portfolio for the company. The investment on creating a patent portfolio will help the company grow in the long run.
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1st April 2010