

Overview of Patents



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*THIS PAPER CONTAINS GENERAL INFORMATION ON PATENTS
THAT MAY OR MAY NOT APPLY IN EVERY CASE.*

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I. INTRODUCTION

THIS PAPER IS INTENDED TO PROVIDE INVENTORS AND BUSINESS OWNERS WITH A GENERAL UNDERSTANDING OF THE PATENT LAWS. THE PATENT STATUTE AND APPLICABLE CASE LAW ARE QUITE DYNAMIC, AND CAN CHANGE INCREMENTALLY OR DRAMATICALLY OVER TIME. THEREFORE, SPECIFIC ADVICE AS TO A PARTICULAR FACT SITUATION SHOULD BE SOUGHT FROM A REGISTERED PATENT ATTORNEY OR REGISTERED PATENT AGENT.

II. WHAT IS A PATENT?

A. DEFINITION . A PATENT IS A GRANT TO AN INVENTOR OF THE RIGHT TO EXCLUDE OTHERS FOR A LIMITED PERIOD OF TIME FROM MAKING, USING, SELLING OR OFFERING FOR SALE THE PATENTED INVENTION. IF THE INVENTION IS A PROCESS, THE RIGHT IS TO EXCLUDE OTHERS FROM USING THE PROCESS, OR SELLING OR IMPORTING PRODUCTS MADE BY THAT PROCESS.

1. RIGHT TO EXCLUDE V. RIGHT TO USE . SINCE A PATENT IS ESSENTIALLY A RIGHT TO *EXCLUDE* OTHERS FROM PRACTICING THE PATENTED INVENTION, IT IS IMPORTANT TO RECOGNIZE THAT THE GRANT OF A PATENT DOES NOT NECESSARILY GIVE AN INVENTOR THE RIGHT TO MAKE, USE OR SELL THE INVENTION. FOR EXAMPLE, THE INVENTOR OF A NEW, PATENTED CANCER DRUG MUST STILL OBTAIN THE NECESSARY APPROVAL FROM THE U.S. FOOD AND DRUG ADMINISTRATION BEFORE SELLING. OTHER EXAMPLES OF SITUATIONS WHERE AN INVENTOR MAY NOT BE ALLOWED TO PRACTICE THEIR PATENTED INVENTION INCLUDE PATENTS FOR FIREARMS, EXPLOSIVES AND OTHER CONTROLLED SUBSTANCES, AND PATENTS FOR IMPROVEMENTS TO TECHNOLOGY STILL COVERED BY EARLIER PATENTS.

2. RIGHT TO EXCLUDE V. CRIMINAL PENALTY . THE U.S. PATENT STATUTE DOES NOT CRIMINALIZE PATENT INFRINGEMENT. CONSEQUENTLY, THE U.S. GOVERNMENT DOES NOT SEARCH FOR OR PROSECUTE INFRINGERS. INSTEAD, THE PATENT OWNER MUST BRING LEGAL ACTION AGAINST INFRINGERS TO OBTAIN RELIEF, AS DISCUSSED AT LENGTH BELOW IN CONNECTION WITH PATENT INFRINGEMENT LITIGATION.

B. CONSTITUTIONAL BASIS FOR U.S. PATENTS . THE U.S. PATENT STATUTE DERIVES FROM THE ENUMERATED POWERS GIVEN CONGRESS UNDER ART. 1, SECTION 8 OF THE U.S. CONSTITUTION:

THE CONGRESS SHALL HAVE THE POWER . . . TO PROMOTE THE PROGRESS OF SCIENCE AND USEFUL ARTS, BY SECURING FOR LIMITED TIMES TO AUTHORS AND INVENTORS THE EXCLUSIVE RIGHT TO THEIR RESPECTIVE WRITINGS AND DISCOVERIES.

THE PATENT STATUTE IS SET OUT IN TITLE 35, UNITED STATES CODE, WITH ASSOCIATED REGULATIONS FOUND IN TITLE 37, CODE OF FEDERAL REGULATIONS.

C. TYPES OF PATENTS . THE U.S. STATUTE AUTHORIZES THREE TYPES: UTILITY PATENTS, DESIGN PATENTS AND PLANT PATENTS.

1. UTILITY PATENT : GRANTED ON A NEW AND USEFUL PROCESS, MACHINE, MANUFACTURE, OR COMPOSITION OF MATTER, OR ANY NEW AND USEFUL IMPROVEMENT THEREOF. 35 U.S.C. §101.

2. DESIGN PATENT : GRANTED ON A NEW, ORIGINAL AND ORNAMENTAL DESIGN FOR AN ARTICLE OF MANUFACTURE. 35 U.S.C. §171.

3. PLANT PATENT : GRANTED ON AN ASEXUALLY REPRODUCED DISTINCT AND NEW VARIETY OF PLANT, INCLUDING CULTIVATED SPORTS, MUTANT, HYBRIDS, AND NEWLY FOUND SEEDLINGS, BUT EXCLUDING TUBER PROPAGATED PLANTS OR PLANTS FOUND IN AN UNCULTIVATED STATE. 35 U.S.C. §162.

THIS PAPER FOCUSES PRIMARILY ON UTILITY PATENTS.

D. DURATION OF A PATENT .

1. UTILITY AND PLANT PATENTS ARE EFFECTIVE FOR A PERIOD OF 20 YEARS FROM THE FILING DATE OF THE PATENT APPLICATION. FOR PATENTS BASED UPON AN APPLICATION FILED BEFORE JUNE 8, 1995,

THE PATENT TERM IS 20 YEARS FROM THE DATE OF FILING OR 17 YEARS FROM THE DATE OF ISSUANCE, WHICHEVER PERIOD IS LONGER.
35 U.S.C. §154

2. DESIGN PATENTS ARE EFFECTIVE FOR 14 YEARS FROM THE DATE OF ISSUANCE. 35 U.S.C. §173.

3. THE TERM OF A PATENT IS GENERALLY NOT EXTENDABLE. UNDER NARROWLY PRESCRIBED CONDITIONS, PATENTS RELATING TO NEW DRUG PRODUCTS, MEDICAL DEVICES, FOOD ADDITIVES AND COLOR ADDITIVES REQUIRING FEDERAL AGENCY (E.G., FDA) APPROVAL MAY BE EXTENDED FOR THE TIME TAKEN TO OBTAIN MARKETING APPROVAL. PATENTS BASED ON APPLICATIONS EXPERIENCING UNUSUAL DELAYS IN PROSECUTION MAY ALSO BE EXTENDED. 35 U.S.C. §156.

4. ONCE A PATENT EXPIRES, THE PATENTED INVENTION IS IN THE PUBLIC DOMAIN. IT CAN THEN BE USED BY ANYONE, WITHOUT PERMISSION FROM THE OWNER OF THE EXPIRED PATENT.

5. THE FACT THAT AN INVENTION IS IN THE PUBLIC DOMAIN DOES NOT MEAN THAT SUBSEQUENT DEVELOPMENTS BASED ON THE ORIGINAL INVENTIONS ARE ALSO IN THE PUBLIC DOMAIN. RATHER, NEW INVENTIONS THAT IMPROVE OR MODIFY PUBLIC DOMAIN TECHNOLOGY ARE CONSTANTLY BEING CONCEIVED AND PATENTED.

E. TERRITORIAL LIMITATIONS . THERE IS NO INTERNATIONAL PATENT. PATENTS HAVE TO BE OBTAINED IN EACH COUNTRY WHERE PROTECTION IS NEEDED. A UNITED STATES PATENT PROVIDES PROTECTION IN ALL FIFTY STATES, PUERTO RICO AND ALL U.S. PROTECTED TERRITORIES.

1. PATENT COOPERATION TREATY (PCT) . THERE IS AN INTERNATIONAL TREATY WHICH PROVIDES A PROCEDURE FOR FILING A SINGLE APPLICATION TO OBTAIN A FILING DATE FOR SEPARATE NATIONAL APPLICATIONS IN DESIGNATED MEMBER COUNTRIES. FOR A FEE, ONE CAN DELAY THE NECESSITY TO OBTAIN TRANSLATIONS, MEET DIFFERENT NATIONAL APPLICATION FORMAT REQUIREMENTS, PAY NATIONAL FEES AND DESIGNATE LOCAL REPRESENTATIVES UNTIL 30 MONTHS FROM THE PRIORITY DATE (TYPICALLY THE U.S. FILING

DATE). ALTHOUGH NO PATENT WILL BE GRANTED WITHOUT EVENTUALLY FILING NATIONAL APPLICATIONS, A PATENTABILITY SEARCH WILL STILL BE CONDUCTED AND A WRITTEN PATENTABILITY OPINION WILL BE ISSUED, GIVING AN INITIAL APPRAISAL OF THE SCOPE OF PATENT COVERAGE THAT MAY BE AVAILABLE. THE U.S., AUSTRALIA, CANADA, THE COUNTRIES IN THE EUROPEAN COMMUNITY, JAPAN AND OTHER INDUSTRIAL COUNTRIES ARE ALL PARTICIPANTS.

2. THE EUROPEAN PATENT CONVENTION (EPC). THE EPC PROVIDES FOR A GRANT ON A SINGLE PATENT APPLICATION AND EXAMINATION BY THE EUROPEAN PATENT OFFICE IN MUNICH OF A PATENT WHICH BECOMES A NATIONAL PATENT IN THE DESIGNATED MEMBER COUNTRIES, UPON PAYMENT OF FEES AND OBTAINING TRANSLATIONS, AS NEEDED, IN EACH COUNTRY.

III. WHAT IS PATENTABLE?

A. PATENTABLE SUBJECT MATTER. TO BE PATENTABLE, AN INVENTION MUST FALL WITHIN THE PATENTABLE SUBJECT MATTER DEFINED BY STATUTE. THE ENUMERATED CATEGORIES FOR UTILITY PATENT PROTECTION ARE (35 U.S.C. §101):

1. "PROCESS" (A METHOD OF DOING SOMETHING USEFUL; E.G., A PROCESS FOR MANUFACTURING CARPET, A GENETIC ENGINEERING PROCEDURE OR THE PROCESS INCORPORATED IN COMPUTER SOFTWARE).
2. "MACHINE" OR APPARATUS (USUALLY SOMETHING WITH INTERACTING PARTS OR CIRCUITRY; E.G., AN AUTOMOBILE ENGINE, A FISHING REEL, A PROGRAMMED COMPUTER).
3. AN "ARTICLE OF MANUFACTURE" OR DEVICE (E.G., A SOAP DISH).
4. "COMPOSITION OF MATTER" (E.G., A FORMULA FOR SHAMPOO, OR A PHARMACEUTICAL COMPOUND).

5. AN IMPROVEMENT OF AN INVENTION THAT EXISTS WITHIN ONE OF THE FIRST FOUR CATEGORIES.

6. A “NEW USE” FOR ANY OF CATEGORIES 1-5 THAT IS NOT OBVIOUS FROM THE ORIGINAL USE (E.G., THE DISCOVERY THAT A COMPOUND USED AS A PLANT FOOD IS ALSO A CURE FOR CANCER).

OFTEN, AN INVENTION WILL FALL INTO MORE THAN ONE CATEGORY. FOR EXAMPLE, COMPUTER SOFTWARE CAN BE DESCRIBED AS A PROCESS (THE STEPS THAT IT TAKES TO MAKE THE COMPUTER DO SOMETHING), AS A MACHINE (AN APPARATUS THAT RECEIVES AN INPUT AND MANIPULATES OR TRANSFORMS THAT INPUT), AND AS AN ARTICLE OF MANUFACTURE (THE CODE, THE MEDIUM ON WHICH THE CODE RESIDES, INCLUDING A CARRIER WAVE IF APPLICABLE, AN INTERFACE).

B. NONSTATUTORY SUBJECT MATTER . CERTAIN SUBJECT MATTER IS NOT PATENTABLE:

1. PRINCIPLES OR LAWS OF NATURE (SUCH AS THE LAW OF MAGNETISM THAT OPPOSITE POLES ATTRACT) OR THINGS THAT OCCUR NATURALLY (E.G., A NEWLY DISCOVERED CHEMICAL ELEMENT).

2. NATURAL PHENOMENA.

3. ABSTRACT IDEAS.

4. PRINTED MATTER, INsofar AS THE NOVELTY RESIDES IN THE CONCEPTS CONVEYED BY THE ARRANGEMENT OF WORDS OR SYMBOLS, IS NOT PATENTABLE. HOWEVER, WHERE A FUNCTIONAL RELATIONSHIP IS ESTABLISHED BETWEEN THE PRINTED MATTER AND OTHER STRUCTURAL ELEMENTS, A PATENT MAY BE OBTAINED.

IV. CONDITIONS FOR PATENTABILITY.

A. TO BE PATENTABLE , AN INVENTION MUST BE USEFUL, NOVEL (NEW) AND NON-OBVIOUS.

1. UTILITY . PATENTS MAY ISSUE ON INVENTIONS THAT HAVE SOME TYPE OF USEFULNESS (UTILITY), EVEN IF THE USE IS HUMOROUS, SUCH AS A MUSICAL HAT OR A MOTORIZED SPAGHETTI FORK. HOWEVER, THE INVENTION MUST WORK--AT LEAST IN THEORY.

2. NOVELTY . THE DETERMINATION HERE IS WHETHER THE THING SOUGHT TO BE PATENTED ALREADY EXISTS. IN THE CONTEXT OF A PATENT APPLICATION, AN INVENTION IS CONSIDERED TO BE NOVEL WHEN IT IS DIFFERENT FROM ALL PREVIOUS KNOWLEDGE (REFERRED TO AS "PRIOR ART") IN ONE OR MORE OF ITS BASIC ELEMENTS. WHEN DECIDING WHETHER AN INVENTION IS NOVEL FOR PURPOSES OF ISSUING A PATENT, THE UNITED STATES PATENT AND TRADEMARK OFFICE (PTO) WILL CONSIDER ALL PRIOR ART THAT EXISTED AS OF THE DATE THE INVENTOR FILES A PATENT APPLICATION ON THE INVENTION, OR IF NECESSARY, AS OF THE DATE THE INVENTOR CAN PROVE HE OR SHE FIRST BUILT AND TESTED THE INVENTION, OR CONCEIVED THE INVENTION AND THEN FOLLOWED UP WITH DILIGENCE, EITHER BY BUILDING AND TESTING IT OR FILING A PATENT APPLICATION. (IT MAY BE NECESSARY TO LOOK TO ONE OF THESE EARLIER DATES WHEN TWO OR MORE INVENTORS ARE FIGHTING OVER WHO IS ENTITLED TO A PATENT, BECAUSE U.S. PATENTS ARE AWARDED TO THE FIRST INVENTOR.) *AN INVENTION WILL NOT PASS THE NOVELTY TEST IF IT HAS BEEN DESCRIBED IN A PUBLISHED DOCUMENT, OR PUT TO PUBLIC USE, OR OFFERED FOR SALE ANYWHERE IN THE WORLD MORE THAN ONE YEAR PRIOR TO THE DATE THE PATENT APPLICATION IS FILED, WITHOUT REGARD TO WHEN IT WAS INVENTED (THIS IS KNOWN AS THE ONE-YEAR RULE, DISCUSSED IN B.1. BELOW).*

3. NON-OBVIOUSNESS . AN INVENTION IS CONSIDERED NON-OBVIOUS IF SOMEONE WHO IS SKILLED IN THE PARTICULAR FIELD OF THE INVENTION WOULD NOT VIEW IT AS AN OBVIOUS MODIFICATION TO THE PRIOR ART. IN DECIDING WHETHER AN INVENTION IS NON-OBVIOUS, THE PTO MAY CONSIDER ALL PREVIOUS DEVELOPMENTS IN THE FIELD OF THE INVENTION, AS WELL AS DEVELOPMENTS IN OTHER FIELDS TO WHICH SOMEONE SKILLED IN THE FIELD OF THE INVENTION WOULD REASONABLY LOOK. THERE IS NO SINGLE RULE FOR

DETERMINING WHETHER AN INVENTION SHOULD BE CONSIDERED NON-OBVIOUS. HOWEVER, THE PTO HAS INDICATED THAT AN INVENTION GENERALLY *WILL* BE CONSIDERED OBVIOUS IF THE INVENTION:

- A. COMBINES PRIOR ART ELEMENTS ACCORDING TO KNOWN METHODS TO YIELD PREDICTABLE RESULTS; OR
- B. SIMPLY SUBSTITUTES ONE KNOWN ELEMENT FOR ANOTHER TO OBTAIN PREDICTABLE RESULTS; OR
- C. USES A KNOWN TECHNIQUE TO IMPROVE SIMILAR DEVICES (METHODS OR PRODUCTS) IN THE SAME WAY; OR
- D. APPLIES A KNOWN TECHNIQUE TO A KNOWN DEVICE (METHOD OR PRODUCT) READY FOR IMPROVEMENT TO YIELD PREDICTABLE RESULTS; OR
- E. CHOOSES FROM A FINITE NUMBER OF IDENTIFIED, PREDICTABLE SOLUTIONS, WITH A REASONABLE EXPECTATION OF SUCCESS; OR
- F. IS A PREDICTABLE VARIATION OF KNOWN WORK BASED ON DESIGN INCENTIVES OR OTHER MARKET FORCES; OR
- G. IS A MODIFICATION OR COMBINATION OF PRIOR ART THAT IS TAUGHT OR SUGGESTED BY THE PRIOR ART, ITSELF.

A RECENT DECISION FROM THE UNITED STATES SUPREME COURT HAS PROVIDED THE PTO AND THE FEDERAL COURTS WITH BROADER DISCRETION TO FIND INVENTIONS OBVIOUS AND THEREFORE UNPATENTABLE. THERE ARE MANY PATENT LAW EXPERTS WHO BELIEVE THIS DECISION WILL RESULT IN MORE INVENTIONS BEING FOUND OBVIOUS AND UNPATENTABLE BY THE PTO AND MORE PATENTS INVALIDATED FOR OBVIOUSNESS IN FEDERAL COURT. AT THIS POINT, IT IS TOO EARLY TO KNOW HOW MUCH IMPACT THIS DECISION WILL HAVE ON OBTAINING AND LITIGATING PATENTS.

B. TIMELY FILING OF AN APPLICATION . THE PATENT SYSTEM PROVIDES AN INDUCEMENT TO INVENTORS WHO WOULD OTHERWISE KEEP THEIR INVENTIONS SECRET OR NOT DEVELOP THEM AT ALL, TO MAKE THEIR INVENTIONS KNOWN QUICKLY SO THAT OTHERS CAN BENEFIT FROM THE DISCLOSURE. THE PATENT CAN THUS BE CONSIDERED AS A CONTRACT BY WHICH THE GOVERNMENT GRANTS EXCLUSIVE RIGHTS FOR A LIMITED PERIOD OF TIME IN EXCHANGE FOR THE INVENTOR'S MAKING A COMPLETE PUBLIC DISCLOSURE. FOR THIS REASON, AN INVENTOR WILL NOT BE PERMITTED TO SIT IDLY ON THE INVENTION UNTIL ANOTHER COMES UP WITH IT NOR TO EXTEND THE PERIOD OF EXCLUSIVITY BY ATTEMPTING TO COMMERCIALIZE THE INVENTION FOR A LONG PERIOD OF TIME BEFORE A PATENT APPLICATION IS FILED.

1. UNITED STATES ONE-YEAR GRACE PERIOD (THE "ONE-YEAR RULE") . AN APPLICANT FOR A U.S. PATENT HAS A ONE-YEAR "GRACE PERIOD" WITHIN WHICH TO FILE THE PATENT APPLICATION AFTER PUBLICIZING THE INVENTION. THIS PROVIDES AN OPPORTUNITY TO TEST THE MARKET BEFORE SPENDING THE MONEY FOR THE APPLICATION. HOWEVER, U.S. PATENT RIGHTS CAN BE LOST FOREVER UNLESS THE INVENTOR FILES AN APPLICATION WITHIN ONE YEAR AFTER THE INVENTOR OR ANYONE ELSE:

- A. PUBLISHES IN WRITING A DESCRIPTION OF THE INVENTION; OR
- B. OFFERS A PRODUCT FOR SALE THAT INCORPORATES OR IS MADE USING THE INVENTION; OR
- C. USES THE INVENTION PUBLICLY, EXCEPT ON A PURELY EXPERIMENTAL BASIS.

THE PUBLIC SALE BY THE INVENTOR OF A PRODUCT MADE BY AN INVENTIVE PROCESS MORE THAN ONE YEAR BEFORE THE APPLICATION IS FILED, EVEN THOUGH THE PROCESS IS NOT DISCLOSED PUBLICLY, IS ALSO A BAR TO OBTAINING A PATENT. SUCH ACTIVITIES BY ANOTHER PARTY MAY ALSO BE A DEFENSE TO AN INFRINGEMENT CLAIM.

THERE IS A LIMITED EXCEPTION TO THE ONE-YEAR RULE, IF ANY PUBLIC DISCLOSURE OR USE WAS IN CONNECTION WITH PURELY EXPERIMENTAL ACTIVITIES. BY WAY OF EXAMPLE, THE LIMITED

TESTING OF SOFTWARE BY THE PUBLIC IN A STRUCTURED BETA TEST PROGRAM SHOULD NOT START THE ONE-YEAR PERIOD RUNNING. BUT THE YEAR PERIOD MIGHT START RUNNING IF THE BETA TEST RELEASE WERE WIDESPREAD ENOUGH, OR IF ONE OF THE TESTERS POSTED IT ON A WIDELY ACCESSED BULLETIN BOARD OR WEBSITE, AND AS A RESULT THE PROGRAM BECAME WELL KNOWN. IN ANY EVENT, IT IS ALWAYS BETTER TO ASSUME THE WORST AND GET THE APPLICATION FILED WELL WITHIN ONE YEAR OF SUCH ACTIVITIES.

2. PROVISIONAL APPLICATIONS . THE PATENT STATUTE PERMITS THE FILING OF A DISCLOSURE DOCUMENT KNOWN AS A “PROVISIONAL APPLICATION”. THIS PROVISIONAL APPLICATION GIVES THE INVENTOR THE OPPORTUNITY TO FILE A DISCLOSURE OF THE INVENTION IN ORDER TO OBTAIN PRIORITY DATE, WITHOUT MEETING ALL OF THE REQUIREMENTS (AND EXPENSE) ASSOCIATED WITH THE FILING OF A REGULAR UTILITY APPLICATION. THE PROVISIONAL APPLICATION AUTOMATICALLY EXPIRES ONE YEAR FROM FILING, AND THE PRIORITY DATE BENEFIT THAT IS ACHIEVED FROM THE FILING OF A PROVISIONAL APPLICATION IS LOST UNLESS A REGULAR UTILITY APPLICATION IS FILED BY THE EXPIRATION OF THAT ONE YEAR. THE BENEFIT OF A PROVISIONAL APPLICATION IS THE PRESERVATION OF THE PRIORITY BENEFIT FOR BOTH A U.S. APPLICATION AND A FOREIGN APPLICATION IN AN “ABSOLUTE NOVELTY” COUNTRY, AS DISCUSSED NEXT. ALSO KEEP IN MIND THAT ANY IMPROVEMENTS IN THE INVENTION DEVELOPED DURING THE ONE YEAR PERIOD BETWEEN THE FILING OF A PROVISIONAL APPLICATION AND A REGULAR UTILITY APPLICATION MAY BE INCORPORATED INTO THE LATER-FILED UTILITY APPLICATION. THE PROVISIONAL APPLICATION THUS PROVIDES THE BENEFIT OF FLEXIBILITY IN MAINTAINING LOWER COSTS AT THE OUTSET, WHEN RESOURCES ARE OFTEN LIMITED.

3. “ABSOLUTE NOVELTY” COUNTRIES . EXCEPT CANADA, ALMOST ALL COUNTRIES OUTSIDE THE U.S. HAVE NO GRACE PERIOD WHATSOEVER. THUS, IF AN INVENTOR PUBLICLY DISCLOSES THE INVENTION IN ANY MANNER (ORALLY OR IN WRITING) BEFORE FILING A PATENT APPLICATION, THE OPPORTUNITY TO OBTAIN FOREIGN PATENT RIGHTS MAY BE LOST FOREVER.

4. PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY . EUROPEAN COUNTRIES, CANADA, JAPAN AND MOST “INDUSTRIALIZED” COUNTRIES BY TREATY WILL TREAT THE U.S. APPLICATION FILING DATE AS THE EFFECTIVE FILING DATE OF THE FOREIGN APPLICATION, PROVIDED THAT THE FOREIGN APPLICATION IS FILED WITHIN ONE YEAR OF THE U.S. FILING DATE. THIS ALLEVIATES THE NEED TO FILE ALL PATENT APPLICATIONS AT ONCE TO PROTECT FOREIGN RIGHTS, AND KEEPS MANY IMPORTANT FOREIGN OPTIONS OPEN, SO LONG AS CARE IS TAKEN TO ENSURE THAT AT LEAST THE U.S. APPLICATION IS FILED BEFORE THERE IS ANY PUBLIC DISCLOSURE OF THE INVENTION.

APPLICATIONS FOR PATENT PROTECTION IN COUNTRIES THAT ARE NOT MEMBERS OF THE PARIS CONVENTION MUST, HOWEVER, BE FILED BEFORE SUCH A DISCLOSURE.

D. DESIGN PATENTS .

1. A DESIGN PATENT PROVIDES A 14-YEAR MONOPOLY FOR INDUSTRIAL DESIGNS THAT HAVE NO FUNCTIONAL USE. THAT IS, CONTRARY TO THE USEFULNESS RULE, DESIGNS COVERED BY DESIGN PATENTS MUST BE PURELY ORNAMENTAL.

2. A FURTHER ANOMALY OF DESIGN PATENTS IS THAT WHILE THE DESIGN ITSELF MUST BE PRIMARILY ORNAMENTAL AS OPPOSED TO PRIMARILY FUNCTIONAL, IT MUST AT THE SAME TIME BE EMBODIED IN AN “ARTICLE OF MANUFACTURE.” THIS “ARTICLE” MAY ITSELF BE FUNCTIONAL, HOWEVER.

3. DESIGN PATENTS HAVE ALSO BEEN OBTAINED FOR COMPUTER INTERFACE ICONS--FOR EXAMPLE, THE XEROX CORPORATION OBTAINED DESIGN PATENTS FOR VARIOUS ICONS, INCLUDING AN ICON FOR A VIRTUAL FLOPPY DISK.

E. ESTABLISHING A PROVABLE DATE OF INVENTION . SOME INVENTORS LOSE RIGHTS THROUGH PREMATURE PUBLIC DISCLOSURE; OTHERS MAINTAIN TOO MUCH SECRECY AND LOSE RIGHTS BY HAVING NO WRITTEN RECORDS OR WITNESSES.

1. CONTEMPORANEOUS RECORDS . INVENTORS SHOULD PUT IDEAS DOWN ON PAPER AS SOON AS POSSIBLE, AND HAVE THAT DOCUMENT WITNESSED AND DATED. A PREFERRED PROCEDURE IS TO KEEP A BOUND NOTEBOOK THAT HAS NUMBERED PAGES, SO THE ABSENCE OF INSERTED OR DELETED PAGES IS EVIDENT. TESTS AND MODELS SHOULD BE DESCRIBED, AND SKETCHES MADE. A RECORD SHOULD BE MADE OF WHAT TIME IS SPENT WORKING ON THE INVENTION, AND IDENTIFYING WHAT WAS DONE. WHERE DELAY OCCURS, THE REASON SHOULD BE GIVEN. THE NATURE AND EXTENT OF ASSISTANCE, IF ANY, RECEIVED FROM OTHERS SHOULD BE RECORDED. ENTRIES SHOULD BE MADE IN INK SEQUENTIALLY, PAGE BY PAGE, AND EVERY PAGE SHOULD BE SIGNED AND DATED BY THE INVENTOR, AND WITNESSED BY A DISINTERESTED INDIVIDUAL. DELETIONS SHOULD BE MADE BY STRIKING THROUGH ERRONEOUS MATTERS WITH A SINGLE LINE; ADDITIONS TO PREVIOUS ENTRIES SHOULD BE AVOIDED. CORRECTIONS CAN BE SHOWN IN DIFFERENT COLORED INK, OR WITH REFERENCES IN LATER ENTRIES. WHEN WORKING ON THE COMPUTER, IT IS IMPORTANT TO DOWNLOAD AND PRINT THE PROGRESS OF THE INVENTION ON A REGULAR BASIS. THOSE PRINTED COPIES SHOULD ALSO BE SIGNED AND WITNESSED WHERE POSSIBLE.

BESIDES KEEPING A NOTEBOOK, INVENTORS SHOULD ALSO KEEP RELATED PAPERS, CORRESPONDENCE, SALES SLIPS FOR MATERIALS, TELEPHONE BILLS, AND OTHER RECORDS. THEY SHOULD ALSO SAVE, OR AT LEAST PHOTOGRAPH, EARLY MODELS (WHETHER SUCCESSFUL OR UNSUCCESSFUL).

2. WITNESSES . PRIORITY OF INVENTION MUST BE PROVEN BY CORROBORATING EVIDENCE. CONSEQUENTLY, THE INVENTOR SHOULD BE SURE TO HAVE WITNESSES ALONG THE WAY. ONE, PREFERABLY TWO, PERSONS WHO WILL AGREE TO CONFIDENTIALITY SHOULD PERIODICALLY BE SHOWN THE INVENTOR'S NOTEBOOK OR PRINT-OUTS AND ASKED TO SIGN AND DATE EACH PAGE. THE BEST WITNESSES ARE THOSE WHO ARE IMPARTIAL, WHO FULLY UNDERSTAND THE TECHNOLOGY, AND WHO DO NOT HAVE A VESTED INTEREST IN THE SUCCESS OF THE INVENTION.

3. COMPLETING THE INVENTION . TO BE COMPLETE, AN INVENTION MUST BE BOTH "CONCEIVED" AND "REDUCED TO PRACTICE."

A. "CONCEPTION" IS THE MENTAL ACT OF THINKING UP THE IDEA, AND REQUIRES MORE THAN JUST IDENTIFYING A NEED. FOR AN INVENTION TO BE CONCEIVED, IT MUST BE CRYSTALLIZED BEYOND AN ABSTRACT CONCEPT.

B. "REDUCTION TO PRACTICE" CAN BE ACCOMPLISHED IN EITHER OF TWO WAYS:

(1) ACTUAL REDUCTION TO PRACTICE OCCURS WHEN A WORKING IMPLEMENTATION OF THE APPARATUS OR DEVICE IS ACHIEVED, OR THE METHOD IS PRACTICED; OR

(2) BY CONSTRUCTIVE REDUCTION THROUGH THE FILING OF A PATENT APPLICATION THAT DISCLOSES THE INVENTION IN SUFFICIENT DETAIL TO ENABLE ONE OF AVERAGE KNOWLEDGE AND SKILL IN THE RELATED FIELD OF TECHNOLOGY TO MAKE AND USE THE INVENTION.

4. INTERFERENCE . INVENTIONS FLOW FROM PROBLEMS AND NEEDS THAT MAY BE COMMON TO MANY PEOPLE, OR THAT MAY EXIST THROUGHOUT A PARTICULAR INDUSTRY. IT IS NOT UNCOMMON FOR DIFFERENT INVENTORS WORKING COMPLETELY INDEPENDENTLY TO CONCEIVE OF THE SAME INVENTION AT ABOUT THE SAME TIME. IN MOST COUNTRIES, THE FIRST TO FILE THE APPLICATION IS DEEMED TO BE THE FIRST INVENTOR. BUT IN THE U.S., WHEN TWO OR MORE INVENTORS FILE U.S. APPLICATIONS CLAIMING THE SAME INVENTION, AN ADMINISTRATIVE PROCEDURE IN THE PTO CALLED AN "INTERFERENCE" IS DECLARED.

THE BEST INSURANCE AGAINST LOSING AN INTERFERENCE OR HAVING SOMEONE "STEAL" AN INVENTION IS TO MAINTAIN GOOD CONTEMPORANEOUS DOCUMENTATION THAT HAS BEEN WITNESSED BY ANOTHER. THE PERSON WHO MAY ACTUALLY HAVE MADE THE

INVENTION FIRST BUT WHO KEPT POOR RECORDS OR WHO HAS NO INDEPENDENT WITNESSES MAY LOSE ALL RIGHTS TO A U.S. PATENT BECAUSE HE OR SHE WILL BE UNABLE TO PROVE A DATE OF INVENTION EARLIER THAN THE APPLICATION FILING DATE.

V. PRELIMINARY NOVELTY SEARCH.

WHETHER IT IS THE INVENTOR'S INTENTION TO MARKET THE INVENTION BEFORE FILING A PATENT APPLICATION (WITH ATTENDANT LOSS OF FOREIGN RIGHTS) OR TO FILE A PATENT APPLICATION FIRST, IT IS GENERALLY RECOMMENDED THAT A NOVELTY SEARCH BE CONDUCTED TO ASCERTAIN THE PATENTABILITY OF THE INVENTION.

A. WHY DO A NOVELTY SEARCH? THE PATENT APPLICATION PROCESS CAN BE EXPENSIVE, SO A SEARCH IS A GOOD WAY TO DETERMINE AT MODERATE COST WHETHER IT IS WORTH PURSUING PATENT PROTECTION. EVEN IF THE INVENTOR DOES NOT PURSUE PATENT PROTECTION NOW, OR EVER, THE NOVELTY SEARCH IS A TOOL TO DETERMINE WHERE THE INVENTION FITS INTO THE RELATED TECHNOLOGY. IS THERE ANYTHING LIKE THE INVENTION OUT THERE? IF THERE IS, HOW CLOSE DOES IT COME TO THE INVENTION UNDER CONSIDERATION?

THE FACT THAT AN INVENTOR IS NOT AWARE OF ANYTHING SIMILAR IS IMPORTANT, BUT THIS IS NOT THE ONLY INDICATION OF THE STATE OF THE PRIOR ART.

1. THE INVENTION MAY BE KNOWN, BUT MAY NOT HAVE BEEN MARKETED FOR VARIOUS REASONS, E.G.:
 - A. TOO EXPENSIVE TO MANUFACTURE, RELATIVE TO AN ACCEPTABLE SALES PRICE IN THE MARKETPLACE.
 - B. TOO COMPLEX, INHERENT PRODUCT DEFECTS OR RISK.
 - C. EARLIER INVENTORS WERE UNSKILLED AT MARKETING OR LACKED BACKING.
 - D. IMPORTANCE NOT RECOGNIZED.

E. NO MARKET DEMAND EXISTS.

2. THE INVENTION MAY REPRESENT A "STEP BACK" IN THE ART; I.E., THE INVENTION IS KNOWN BUT HAS BEEN SUPERSEDED BY BETTER PRODUCTS.

B. HOW IS A NOVELTY SEARCH CONDUCTED? MORE THAN SIX MILLION U.S. PATENTS HAVE ISSUED. THESE PATENTS ARE CLASSIFIED FOR FILING INTO PRINCIPAL AND CROSS-REFERENCED CLASSES AND SUBCLASSES BY SUBJECT MATTER. THE PUBLIC SEARCH FACILITY IN THE PTO HAS SEVERAL TIMES THAT NUMBER OF PATENT COPIES STACKED INTO PILES IN SLOTS IN SHELVES (CALLED "SHOES"), ARRANGED IN SEVERAL HUNDRED CLASSES AND OVER ONE-HUNDRED THOUSAND ACTIVE SUBCLASSES. A NOVELTY SEARCH INVOLVES REVIEWING THE PATENTS COVERING THOSE CLASSES/SUBCLASSES FELT MOST LIKELY TO RELATE TO THE INVENTION, AND IDENTIFYING THOSE PATENTS THAT COME CLOSEST TO SHOWING THE FEATURES OF THE INVENTION. AT THE PRESENT ONLY A SEARCH IN THE FACILITIES OF THE PTO CAN GIVE A REASONABLY CLEAR PICTURE OF THE STATE OF THE PRIOR ART, ALTHOUGH DATABASE SEARCHES CAN ALSO BE USEFUL.

1. LIMITATIONS OF THE NOVELTY SEARCH .

A. A SEARCH DOES NOT COVER PENDING APPLICATIONS THAT ARE MAINTAINED IN SECRECY UNTIL THE PATENT ISSUES, THAT IS, THOSE FOR WHICH PUBLICATION HAS BEEN WITHHELD (SEE §V.F.2.). PUBLISHED PATENT APPLICATIONS CAN BE SEARCHED. THUS, THE STATE OF THE ART REVEALED IN THE SEARCH MAY BE MORE THAN 1-1/2 TO 2 YEARS OLD.

B. A SEARCH DOES NOT NORMALLY INCLUDE NON-PATENT LITERATURE, SUCH AS INDUSTRY ADVERTISING, SCIENTIFIC AND TECHNICAL LITERATURE AND TRADE JOURNALS.

C. THERE IS A PROBLEM WITH THE "INTEGRITY" OF THE PATENT RECORDS. PATENTS MAY BE TEMPORARILY REMOVED (SUCH AS FOR COPYING OR RECLASSIFYING) OR PERMANENTLY MISSING.

D. THE PUBLIC SEARCH FACILITIES AT THE PTO DO NOT INCLUDE FOREIGN OR PCT PATENT DOCUMENTS (THERE IS SOME LIMITED AVAILABILITY IN THE EXAMINERS' SEARCH AREAS).

2. DISTINGUISHED FROM AN INFRINGEMENT SEARCH .

A NOVELTY SEARCH IS A SEARCH TO MAKE A DETERMINATION AS TO WHETHER AN INVENTION IS KNOWN IN THE RELEVANT ART. THE SEARCHER LOOKS AT THE DRAWINGS AND SPECIFICATIONS OF PREVIOUSLY ISSUED PATENTS TO SEE WHETHER THE ELEMENTS OF THE INVENTION ARE SHOWN. WHERE NOT ALL ELEMENTS ARE DISCLOSED IN A SINGLE REFERENCE, THE SEARCHER WILL LOOK AT OTHER REFERENCES IN THE SAME CLASSES/SUBCLASSES TO SEE WHETHER THE MISSING ELEMENTS ARE FOUND THERE.

THE COVERAGE OF A PARTICULAR PATENT IS, HOWEVER, DETERMINED BY THE SCOPE OF THE CLAIMS.

AN INFRINGEMENT SEARCH DIFFERS FROM A NOVELTY SEARCH IN THAT A SEARCHER CONDUCTING AN INFRINGEMENT SEARCH LOOKS NOT ONLY TO THE DISCLOSURE BUT TO THE CLAIMS OF ISSUED AND UNEXPIRED PATENTS TO SEE WHETHER THE INVENTION IS COVERED BY THOSE CLAIMS. AN INFRINGEMENT SEARCH IS USUALLY MUCH MORE EXTENSIVE THAN A NOVELTY SEARCH. A BASIC PATENT THAT SHOWS STRUCTURE MUCH MORE RUDIMENTARY THAN THE INVENTION MAY BE OF LITTLE INTEREST IN ASSESSING NOVELTY, IF THERE ARE MUCH CLOSER, LATER PATENTS THAT EXIST SHOWING THE STATE OF THE ART. HOWEVER, A BASIC PATENT MAY HAVE BROAD CLAIMS THAT "READ ON" THE NEW INVENTION UNDER CONSIDERATION. ALSO, A SMALL COMPONENT OF THE NEW INVENTION (LIKE A FASTENER) OF ONLY SECONDARY SIGNIFICANCE IN A NOVELTY SEARCH MAY BE IMPORTANT IN AN INFRINGEMENT SEARCH. COMPONENTS MAY BE COVERED BY PATENTS FILED IN CLASSES/SUBCLASSES THAT ARE OF LITTLE INTEREST IN DETERMINING NOVELTY. BUT TO DETERMINE FREEDOM FROM INFRINGEMENT, THE PATENTS IN THOSE OTHER CLASSES/SUBCLASSES MUST BE CONSIDERED AS WELL.

3. NOVELTY SEARCH OPINION . THE OPINION IN A NOVELTY SEARCH INVOLVES AN ANALYSIS OF THE FEATURES OF THE INVENTION IN VIEW OF THE FEATURES OF THE PRIOR ART SHOWN IN THE PATENTS IDENTIFIED BY THE SEARCH. THE APPROPRIATENESS OF COMBINATIONS OF THE TEACHINGS OF DIFFERENT PRIOR ART PATENTS MUST BE CONSIDERED. THEN, A JUDGMENT IS MADE AS TO WHETHER THE DIFFERENCES THE INVENTION HAS OVER THE PRIOR ART ARE PATENTABLE DISTINCTIONS. THE QUESTION TO BE ANSWERED IS: WOULD ONE SKILLED IN THE TECHNOLOGY TO WHICH THE PRESENT INVENTION RELATES, WITH KNOWLEDGE OF THE TEACHINGS OF THE PRIOR ART REFERENCES AND WITH KNOWLEDGE OF WHAT IS GENERALLY KNOWN IN THAT INDUSTRY, CONSIDER THE INVENTION WHEN VIEWED AS A WHOLE TO BE OBVIOUS?

SUCH A JUDGMENT IS LARGELY SUBJECTIVE. IN THE FIRST INSTANCE, IT IS A JUDGMENT AS TO WHETHER A PATENT EXAMINER WOULD CONSIDER THE INVENTION TO BE OBVIOUS. IN THE SECOND INSTANCE, IT IS A JUDGMENT AS TO WHETHER A COURT OR JURY, WITH HINDSIGHT AFTER PATENT ISSUANCE, AND ARMED WITH THE TESTIMONY OF EXPERTS AND OTHER INDUSTRY LITERATURE, WOULD CONSIDER IT OBVIOUS.

4. THE PERSPECTIVE-GIVING EFFECT . A NOVELTY SEARCH CAN GIVE A MEASURE OF THE SIGNIFICANCE OF THE INVENTION. WHAT IS THE PRIOR ART, AND HOW DOES THE INVENTION FIT IN WITH IT? IS THE INVENTION VERY DIFFERENT, OR NOT VERY DIFFERENT? PATENT PROTECTION CAN BE OBTAINED ONLY ON WHAT IS NEW AND NON-OBVIOUS. IF THE BASIC CONCEPT IS KNOWN, BASIC (OR BROAD) COVERAGE WILL NOT BE POSSIBLE, AND ONLY NARROW PROTECTION MAY BE AVAILABLE, COVERING ONLY THE SPECIFIC DIFFERENCES. THIS MAY NOT MATTER WHERE THE DIFFERENCES ARE OF EXTREME COMMERCIAL OR TECHNICAL IMPORTANCE, I.E., WHERE THEY SELL THE PRODUCT OR MAKE IT WORK BETTER. IT MUST APPRECIATED, HOWEVER, THAT A COMPETITOR WILL BE ABLE TO MAKE, USE AND SELL ANY DEVICE OR PRACTICE ANY METHOD THAT DOES NOT INCLUDE THOSE DIFFERENCES. THE IMPORTANT QUESTION, THEREFORE, IS NOT: IS ANY PATENT AVAILABLE? THE QUESTION OF IMPORTANCE IS:

IF A PATENT IS AVAILABLE, WILL IT HAVE CLAIM COVERAGE THAT HAS SIGNIFICANT COMMERCIAL VALUE?

VII. APPLYING FOR A PATENT.

A. APPLICATION PARTS . A U.S. PATENT APPLICATION TYPICALLY CONSISTS OF:

1. A DESCRIPTION OF THE PRIOR ART AND THE PROBLEM IN THE PRIOR ART TO WHICH THE INVENTION IS DIRECTED (THE "BACKGROUND");
2. A SUMMARY OF THE INVENTION AND A DETAILED DESCRIPTION OF THE STRUCTURE AND OPERATION OF THE INVENTION (CALLED A PATENT "SPECIFICATION") THAT TEACHES HOW TO BUILD AND USE THE INVENTION (35 U.S.C. §112);
3. A PRECISE RECITATION OF THE FEATURES OF THE INVENTION THAT ARE SOUGHT TO BE COVERED BY THE PATENT (CALLED THE "CLAIMS");
4. ANY DRAWINGS THAT ARE NECESSARY TO FULLY EXPLAIN THE SPECIFICATION AND CLAIMS (35 U.S.C. §113);
5. A STATEMENT UNDER OATH BY THE INVENTOR THAT THE INFORMATION IN THE APPLICATION IS TRUE (35 U.S.C. §115); AND
6. THE FILING FEE.
7. NOTE, HOWEVER, THAT A PROVISIONAL APPLICATION DOES NOT REQUIRE THE INCLUSION OF CLAIMS FOR A DESCRIPTION OF THE PRIOR ART AND BACKGROUND, OR A DECLARATION SIGNED BY THE INVENTOR; ALL THAT IS REQUIRED IS A THOROUGH DESCRIPTION OF THE INVENTION. THIS PERMITS A LOWER EXPENSE AT THE OUTSET WHEN THE PROVISIONAL APPLICATION PROCEDURE IS USED, AS DISCUSSED ABOVE AT SECTION III. B.2.

B. SPECIFICATION . A PATENT IS GRANTED IN EXCHANGE FOR DISCLOSING THE INVENTION INTO THE PUBLIC KNOWLEDGE. COMPLETE DISCLOSURE OF THE BEST KNOWN EXAMPLE OF THE INVENTION IS THUS REQUIRED IN A UTILITY PATENT APPLICATION.

35 U.S.C. §112 REQUIRES THAT:

THE SPECIFICATION SHALL CONTAIN A WRITTEN DESCRIPTION OF THE INVENTION, AND OF THE MANNER AND PROCESS OF MAKING AND USING IT, IN SUCH FULL, CLEAR, CONCISE, AND EXACT TERMS AS TO ENABLE ANY PERSON SKILLED IN THE ART TO WHICH IT PERTAINS, OR WITH WHICH IT IS MOST NEARLY CONNECTED, TO MAKE AND USE THE SAME, AND SHALL SET FORTH THE BEST MODE CONTEMPLATED BY THE INVENTOR OF CARRYING OUT HIS INVENTION.

C. CLAIMS . THE SPECIFICATION MUST ALSO CONCLUDE WITH ONE OR MORE CLAIMS THAT PARTICULARLY POINT OUT AND DISTINCTLY CLAIM THE SUBJECT MATTER WHICH THE APPLICANT REGARDS AS HIS OR HER INVENTION. IT IS THE CLAIMS THAT CONSTITUTE THE "METES AND BOUNDS" OF THE INVENTION. EACH CLAIM IS ONE SENTENCE LONG AND RECITES THE ELEMENTS THAT ARE INCLUDED IN THE INVENTION. EACH ALLOWED CLAIM CONSTITUTES A SEPARATE PATENTED INVENTION. THE BASIC FILING FEE PAID FOR A UTILITY APPLICATION ALLOW FOR A FIXED NUMBER OF CLAIMS. ADDING CLAIMS BEYOND THE FIXED NUMBER REQUIRES PAYMENT OF ADDITIONAL FEES, AND MAY ALSO REQUIRE OTHER DOCUMENTS TO BE SUBMITTED. A REGISTERED PATENT ATTORNEY OR AGENT CAN HELP DETERMINE THE APPROPRIATE NUMBER OF CLAIMS TO BEST COVER A GIVEN INVENTION.

D. DRAWINGS . DRAWINGS ARE REQUIRED WHERE NECESSARY FOR AN UNDERSTANDING OF THE SUBJECT MATTER OF THE INVENTION AND SHOULD ILLUSTRATE ALL OF THE ELEMENTS IN THE CLAIMS IF POSSIBLE. FOR SOFTWARE PROGRAMS WHERE THE PROCESS IS BEING CLAIMED (RATHER THAN THE MACHINERY), THE DRAWINGS USUALLY CONSIST OF A SERIES OF FLOW CHARTS OR LOGIC FLOW DIAGRAMS. 35 U.S.C. §113.

E. OATH . THE INVENTOR MUST MAKE AN OATH OR DECLARATION UNDER PENALTY OF PERJURY STATING THE BELIEF THAT THE INVENTOR IS THE ORIGINAL AND FIRST INVENTOR OF THE SUBJECT MATTER FOR WHICH A PATENT IS SOUGHT. 35 U.S.C. §115. THE OATH ALSO INCLUDES AN ACKNOWLEDGMENT OF THE DUTY OF AN INVENTOR TO DISCLOSE ALL INFORMATION ABOUT THE CLOSEST KNOWN PRIOR ART AND ACTIVITIES OF THE INVENTOR THAT MAY BE MATERIAL TO THE PATENTABILITY DETERMINATION. THE MAKING OF A FALSE OATH IS GROUNDS FOR STRIKING AN APPLICATION, AND CAN ALSO RESULT IN THE INVALIDATION OF AN ISSUED PATENT.

VIII. EXAMINATION PROCEDURE

A. APPLICATION FILING . WHEN AN APPLICATION IS RECEIVED IN THE PTO, IT IS FIRST ASSIGNED A FILING DATE AND SERIAL NUMBER. THE FILING DATE IS THE DATE ON WHICH THE PTO RECEIVES THE APPLICATION WHICH IS THE DATE OF SUBMISSION WHERE THE APPLICATION IS FILED ELECTRONICALLY.

U.S. PATENT APPLICATIONS ARE MAINTAINED IN SECRECY UNTIL ISSUANCE OR PUBLICATION; SO THE FILING DATE OR SERIAL NUMBER (FROM WHICH THE FILING DATE CAN BE DEDUCED) SHOULD NOT BE GIVEN OUT.

THE FILING DATE IS IMPORTANT BECAUSE IT DETERMINES RIGHTS WITH RESPECT TO THE "GRACE" PERIOD, SENIOR OR JUNIOR PARTY STATUS IN AN INTERFERENCE, AND THE DATE OF FOREIGN FILING PRIORITY BENEFITS UNDER THE PARIS CONVENTION.

B. APPLICATION PUBLICATION . UNLESS EXPRESSLY WITHHELD FROM PUBLICATION, AN APPLICATION IS PUBLISHED AT OR NEAR THE 18-MONTH DATE FROM EARLIEST PRIORITY (I.E., THE FILING DATE OF THE APPLICATION OR OF AN EARLIER APPLICATION TO WHICH THE PRESENT APPLICATION CLAIMS PRIORITY). AN APPLICANT MAY AVOID PUBLICATION BY WAIVING THE RIGHT TO FILE THE APPLICATION IN FOREIGN COUNTRIES.

C. PATENT PENDING . U.S. PATENT APPLICATIONS USUALLY CONVEY NO RIGHTS AGAINST INFRINGERS UNTIL PATENT ISSUANCE. ONCE A PATENT APPLICATION IS ON FILE, HOWEVER, THE WORDS "PATENT APPLIED FOR" OR "PATENT PENDING" MAY BE FIXED ON THE PRODUCT. THIS SERVES TO GIVE NOTICE

TO POTENTIAL COPIERS THAT A PATENT IS ON FILE, AND THAT IF A PATENT ISSUES, THERE MAY BE AN INFRINGEMENT ASSERTION AT THAT TIME. AN ALLEGED INFRINGER MAY BE LIABLE FOR DAMAGES EXTENDING BACK TO THE PUBLICATION DATE RATHER THAN THE ISSUE DATE UNDER CERTAIN CONDITIONS, IF THE ALLEGED INFRINGER HAS RECEIVED ACTUAL NOTICE OF THE PUBLISHED APPLICATION.

D. ASSIGNMENT TO GROUP ART UNIT . THE PTO HAS SEVERAL HUNDRED PATENT EXAMINERS DIVIDED AMONG ART UNITS THAT CONDUCT THE EXAMINATION OF APPLICATIONS. THE ART UNITS ARE SET UP ACCORDING TO TECHNICAL SUBJECT MATTER, WITH RELATED CLASSES/SUBCLASSES OF SUBJECT MATTER BEING ASSIGNED FOR PROCESSING BY THE SAME ART UNIT. ONCE AN APPLICATION IS ASSIGNED TO A PARTICULAR EXAMINER, IT WILL GENERALLY STAY WITH THAT EXAMINER UNTIL ISSUANCE. EXAMINERS OFTEN REMAIN WITH A SINGLE ART UNIT THROUGHOUT THEIR CAREERS, SO THEY BECOME QUITE LEARNED AT THE TECHNICAL FIELDS IN WHICH THEY ARE CONDUCTING EXAMINATIONS. (THOMAS JEFFERSON WAS ONE OF THE ORIGINAL U.S. EXAMINERS; ALBERT EINSTEIN WAS AN EXAMINER IN THE SWISS PATENT OFFICE.)

E. OFFICE ACTION . APPLICATIONS ARE USUALLY EXAMINED IN THE ORDER IN WHICH THEY WERE FILED, WITH A FIRST ACTION BEING REPORTED TO AN APPLICANT TYPICALLY ABOUT 12-30 MONTHS AFTER FILING. THE EXAMINER WILL REVIEW THE PARTS OF THE APPLICATION FOR FORM, REVIEW THE SPECIFICATION, AND THEN ALLOW, REJECT OR OBJECT TO THE CLAIMS, IN WHOLE OR IN PART, AFTER ASCERTAINING THE STATE OF THE PRIOR ART BY DOING A SEARCH. THE EXAMINER WILL DO A SEARCH WHETHER OR NOT A PRELIMINARY SEARCH WAS CONDUCTED BY AN APPLICANT.

F. APPLICANT RESPONSE . THE APPLICANT HAS AN OPPORTUNITY TO RESPOND TO THE EXAMINER'S ACTION ON THE APPLICATION. THE APPLICATION MAY BE AMENDED, SO LONG AS NO NEW DISCLOSURE IS ADDED. CLAIMS REJECTED OVER PRIOR ART MAY BE ALLOWABLE, IF REPHRASED. IT MAY BE THAT THE INVENTION HAS BEEN CLAIMED TOO BROADLY, SO THAT THE WORDING ENCOMPASSES THE PRIOR ART EVEN THOUGH THE INVENTION ITSELF IS ACTUALLY MUCH NARROWER. WHERE AN APPLICANT DISAGREES WITH THE EXAMINER'S POSITION, ARGUMENT AND SUPPORTING EVIDENCE CAN BE PRESENTED IN AN EFFORT TO PERSUADE THE EXAMINER TO CHANGE HIS OR HER MIND.

G. FURTHER PROSECUTION . THE APPLICATION WILL THEN BE SUBJECTED TO FURTHER EXAMINATION IN VIEW OF THE APPLICANT'S RESPONSE, AND ANOTHER ACTION WILL ISSUE. IF THE ACTION IS AN ALLOWANCE, THE PATENT WILL ISSUE UPON PAYMENT OF THE ISSUE FEE AND SATISFACTION OF OTHER MATTERS OF A FORMAL NATURE. IF THE ACTION IS A REJECTION, THE APPLICANT WILL HAVE THE CHOICE OF APPEALING THE REJECTION TO THE BOARD OF PATENT APPEALS AND INTERFERENCES, OF FILING A CONTINUATION APPLICATION AND PAYING ANOTHER FEE TO OBTAIN ANOTHER EXAMINATION, OR OF ABANDONING FURTHER EFFORTS TO OBTAIN PATENT PROTECTION.

H. CONTINUING APPLICATIONS . FREQUENTLY, THE EXAMINER WILL ALLOW SOME CLAIMS AND REJECT OTHERS. IN THAT EVENT, THE APPLICANT CAN ISSUE A FIRST PATENT WITH THE ALLOWED CLAIMS AND FILE A CONTINUING APPLICATION BEFORE THE FIRST PATENT ISSUES, SEEKING FURTHER PROTECTION WITH OTHER CLAIMS. THERE ARE VARIOUS LIMITATIONS THAT ARE PLACED ON THE NUMBER AND TYPE OF CONTINUING APPLICATIONS THAT MAY BE FILED. A REGISTERED PATENT ATTORNEY OR AGENT WILL BE ABLE TO IDENTIFY THE LIMITATIONS THAT APPLY AND RECOMMEND THE BEST APPROACH FOR FILING CONTINUING APPLICATIONS.

IX. INVENTION, OWNERSHIP AND LICENSING.

PATENTS HAVE THE ATTRIBUTES OF PERSONAL PROPERTY. 35 U.S.C. §261. AS SUCH, THEY CAN BE ASSIGNED OR LICENSED IN WHOLE OR IN PART.

A. INVENTOR'S RIGHTS . IN THE ABSENCE OF AN ASSIGNMENT FROM THE INVENTOR, OWNERSHIP OF A PATENT REMAINS WITH THE INVENTOR. JOINT INVENTORS ARE JOINT OWNERS, EACH OF AN UNDIVIDED INTEREST, AND EACH JOINT INVENTOR MAY EXPLOIT THE INVENTION WITHOUT ACCOUNTING TO THE OTHER INVENTORS, UNLESS THERE IS AN AGREEMENT TO THE CONTRARY.

B. ASSIGNABILITY . A PATENT APPLICATION, PATENT, OR ANY INTEREST THEREIN, IS ASSIGNABLE IN WRITING. MOREOVER, AN EXCLUSIVE RIGHT OR LICENSE UNDER AN APPLICATION OR PATENT MAY BE GRANTED COVERING THE WHOLE, OR JUST A PART, OF THE UNITED STATES. 35 U.S.C. §261. OWNERSHIP MAY BE TRANSFERRED BY EXPRESS WRITTEN AGREEMENT AFTER INVENTION OR PRIOR TO INVENTION, OR BY A GENERAL ASSIGNMENT IN AN EMPLOYMENT

AGREEMENT. AN AGREEMENT TO ASSIGN OWNERSHIP MAY BE IMPLIED FROM AN EMPLOYMENT RELATIONSHIP IF IT CAN BE SHOWN THAT THE EMPLOYMENT RELATIONSHIP WAS ONE OF "EMPLOYMENT TO INVENT" AND THAT THE INVENTION FELL WITHIN THE SCOPE OF THAT EMPLOYMENT. AN AGREEMENT TO ASSIGN IS NOT IMPLIED FROM A GENERAL EMPLOYMENT AGREEMENT IN THE ABSENCE OF A SHOWING THAT THE EMPLOYEE WAS HIRED TO INVENT.

IT IS TYPICAL FOR COMPANIES TO HAVE A GENERAL CONFIDENTIALITY AND INVENTION OWNERSHIP AGREEMENT WITH THEIR EMPLOYEES. ALTHOUGH THERE IS A TREND (AND LEGISLATION IN SOME STATES SUCH AS CALIFORNIA) TOWARD LIMITING THE ASSIGNMENT OF INVENTIONS, SOME AGREEMENTS REQUIRE THE ASSIGNMENT TO THE EMPLOYER OF ALL INVENTIONS AN EMPLOYEE MAKES. OTHER AGREEMENTS ARE LIMITED TO THE ASSIGNMENT OF INVENTIONS ONLY IF THEY RELATE TO THE EMPLOYER'S BUSINESS, OR WERE INVENTED ON COMPANY TIME OR BY USING COMPANY RESOURCES.

C. LICENSING .

1. A LICENSE AGREEMENT IS A CONTRACT GOVERNED BY PRINCIPLES OF STATE CONTRACT LAW.
2. A TYPICAL PATENT LICENSE AGREEMENT INCLUDES THE FOLLOWING PROVISIONS:
 - A. GRANT. THE LICENSEE IS GRANTED A RIGHT (EITHER EXCLUSIVELY OR NON-EXCLUSIVELY) TO MAKE, USE AND/OR SELL THE CLAIMED PATENTED TECHNOLOGY AND ANY LATER IMPROVEMENTS WHICH ARE PATENTED.
 - B. TERM. THE LICENSE IS USUALLY UNTIL EXPIRATION OF THE LAST LICENSED PATENT, BUT CAN BE FOR A LESSER PERIOD.
 - C. TERMINATION. THE LICENSEE CAN USUALLY TERMINATE THE LICENSE EARLIER THAN THE END OF THE TERM, WHICH THEN PLACES THE LICENSEE IN THE SAME POSITION IT WAS IN PRIOR TO THE LICENSE.

D. **RESTRICTIONS.** SUCH AGREEMENTS FREQUENTLY INCLUDE GEOGRAPHIC OR MARKET RESTRICTIONS ON WHERE OR HOW THE LICENSEE CAN MAKE, USE AND/OR SELL THE CLAIMED TECHNOLOGY (E.G., CAN'T SELL WEST OF THE MISSISSIPPI; CAN'T MARKET TO CERTAIN CLASSES OF CUSTOMERS).

E. **INITIAL PAYMENT.** THERE MAY BE A REQUIREMENT FOR THE LICENSEE TO MAKE A ONE-TIME INITIAL PAYMENT.

F. **CONTINUING ROYALTIES.** A REQUIREMENT TO PAY CONTINUING (MONTHLY OR QUARTERLY) ROYALTIES ON A PER-UNIT BASIS OR AS A PERCENTAGE OF LICENSEE'S REVENUES FROM THE MAKING, USING AND/OR SELLING OF THE CLAIMED TECHNOLOGY. TYPICAL ROYALTY RATES FOR NON-EXCLUSIVE LICENSES ARE IN THE 3%-8% RANGE.

G. **MINIMUM ROYALTIES.** TYPICALLY, THE CONTINUING ROYALTIES ARE SUBJECT TO A MINIMUM ANNUAL ROYALTY; IF THE MINIMUM IS NOT MET IN ANY YEAR, THEN THE LICENSEE MUST PAY THE REMAINING DIFFERENCE TO KEEP THE LICENSE IN EFFECT.

H. **ENFORCEMENT.** IN A NON-EXCLUSIVE SETTING, THE LICENSOR IS USUALLY RESPONSIBLE FOR ANY ENFORCEMENT ACTIVITY, BUT THE LICENSOR USUALLY RESERVES THE RIGHT TO DECIDE WHETHER TO TAKE SUCH MEASURES.

I. **ROYALTY ESCROW.** OCCASIONALLY, THE LICENSEE CAN NEGOTIATE A PROVISION THAT PERMITS ALL OR A PORTION OF THE ROYALTIES OTHERWISE DUE TO BE PLACED IN ESCROW UNTIL THE LICENSOR HAS ENFORCED THE PATENT AGAINST A THIRD PARTY INFRINGER.

J. **GRANT-BACKS.** IN SOME SITUATIONS, THE LICENSOR MAY REQUIRE THE LICENSEE TO GRANT TO THE LICENSOR RIGHTS UNDER THE LICENSEE'S IMPROVEMENTS IN THE TECHNOLOGY.

K. **ACCOUNTING.** A ROYALTY REPORT IS REQUIRED WITH EACH ROYALTY PAYMENT AND IS SUBJECT TO AN AUDIT (USUALLY BY AN INDEPENDENT CPA).

D. **SHOP RIGHTS** . EVEN IN THE ABSENCE OF AN OBLIGATION TO ASSIGN, THE LAW MAY IMPLY A ROYALTY-FREE, PERSONAL LICENSE TO AN EMPLOYER WHERE THE EMPLOYEE MADE AN INVENTION UTILIZING COMPANY INFORMATION OR COMPANY RESOURCES, OR MADE THE INVENTION ON COMPANY TIME.

E. **RECORDING** . ASSIGNMENTS, MORTGAGES, LICENSES AND OTHER INSTRUMENTS AFFECTING TITLE ARE RECORDABLE IN THE ASSIGNMENT RECORDS OF THE PATENT AND TRADEMARK OFFICE. AN ASSIGNMENT IS VOID AS AGAINST ANY SUBSEQUENT PURCHASER OR MORTGAGE FOR VALUABLE CONSIDERATION, WITHOUT NOTICE, UNLESS RECORDED IN THE PATENT AND TRADEMARK OFFICE WITHIN THREE MONTHS FROM ITS DATE, OR PRIOR TO THE DATE OF SUCH SUBSEQUENT PURCHASE OR MORTGAGE. 35 U.S.C. §261. THE RECORDING OF LICENSES IS NOT NECESSARY IN ORDER TO GIVE THEM VALIDITY.

F. **JOINT OWNERSHIP** . IN THE ABSENCE OF ANY AGREEMENT TO THE CONTRARY, EACH OF THE JOINT OWNERS OF A PATENT MAY MAKE, USE OR SELL THE PATENTED INVENTION WITHOUT THE CONSENT, OF AND WITHOUT ACCOUNTING TO, THE OTHER OWNERS. 35 U.S.C. §262. THIS MEANS THAT A PERSON OWNING A SMALL PERCENT OF A PATENT, IN THE ABSENCE OF AN AGREEMENT TO THE CONTRARY, CAN OPERATE UNDER THE PATENT TO THE SAME EXTENT AS A PERSON OWNING A MAJORITY OF THE PATENT.

X. SOFTWARE PATENTS.

A. **BACKGROUND** . WHEN FIRST FACED WITH APPLICATIONS FOR PATENTS ON SOFTWARE-BASED INVENTIONS IN THE 1950s, THE PTO ROUTINELY REJECTED THE APPLICATIONS ON THE GROUNDS THAT SOFTWARE CONSISTS OF MATHEMATICAL ALGORITHMS (THAT IS, A SERIES OF MATHEMATICAL RELATIONSHIPS, LIKE DIFFERENTIAL EQUATIONS). MATHEMATICAL ALGORITHMS WERE CONSIDERED A LAW OF NATURE, OR "PURE THOUGHT." PATENTS CANNOT BE GRANTED FOR A LAW OF NATURE OR MENTAL PROCESS. THUS SOFTWARE BY ITSELF WAS CONSIDERED TO BE NON-PATENTABLE.

B. CURRENT PRACTICE . SEVERAL PIVOTAL COURT CASES HAVE OVER THE PAST DECADES CLEARED THE WAY FOR PATENTABILITY OF MANY DIFFERENT ASPECTS OF SOFTWARE-BASED INVENTIONS. IN 1996, THE PTO ADOPTED A DETAILED SET OF “EXAMINATION GUIDELINES FOR COMPUTER RELATED INVENTIONS,” DESIGNED TO GIVE GUIDANCE BOTH TO APPLICANTS AND PATENT EXAMINERS ABOUT HOW TO PREPARE AND EXAMINE SOFTWARE PATENT APPLICATIONS.

C. SOFTWARE PATENT APPLICATION DEVELOPMENT . IT IS IMPORTANT TO ESTABLISH THE PURPOSE OF THE INVENTION PRIOR TO DRAFTING THE APPLICATION. FOR EXAMPLE, IS THE INTENDED OBJECT TO MARKET THE SOFTWARE; TO PLACE OBSTACLES TO COMPETITION; OR FOR DEFENSIVE PURPOSES? THE INVENTORS, EVEN MORE THAN FOR NON-SOFTWARE-RELATED INVENTIONS, NEED TO PROVIDE INPUT AS TO PRIOR ART. SINCE SOFTWARE IS TYPICALLY BETA-TESTED, AND MAY APPEAR ON WEBSITES IN ADVANCE OF FILING AN APPLICATION, A CAREFUL RECORD OF DATES MUST BE KEPT TO AVOID STATUTORY BARS. IF THE INVENTION INTERACTS WITH COMMERCIAL PRODUCTS, THIS MUST BE DETAILED.

THE INVENTORS MUST PROVIDE ADEQUATE DISCLOSURE OF THE OPERATION OF THE SOFTWARE, IN THE FORM OF FLOWCHARTS, SYSTEM BLOCK DIAGRAMS, ARCHITECTURAL BLOCK DIAGRAMS, SCREEN SHOTS IF APPROPRIATE, STATE DIAGRAMS, AND DATA FLOW DIAGRAMS. A DISCLOSURE OF CODE IS NOT NECESSARY; THIS CAN BE MAINTAINED AS A TRADE SECRET, SO LONG AS SUFFICIENT DISCLOSURE IS MADE VIA BLOCK DIAGRAMS AS TO THE OPERATION OF THE INVENTION. IT IS NO LONGER NECESSARY TO DESCRIBE HARDWARE IN DETAIL, ALTHOUGH SUFFICIENT DISCLOSURE MUST BE MADE IN ORDER TO ENSURE ENABLEMENT. TERMS OF ART SHOULD BE BROADLY DEFINED, WITH MULTIPLE DEFINITIONS AND EXAMPLES, TO AVOID THE RISK OF NARROW CONSTRUCTION DURING LITIGATION.

D. CLAIM TECHNIQUES FOR SOFTWARE-RELATED INVENTIONS .

1. SYSTEM/METHOD OF OVERALL INVENTION : GOOD FOR SETTING UP THE ENTIRE INVENTION IN THE MIND OF THE EXAMINER AND OTHERS.

2. EXECUTIVE PROGRAM : CLAIMS PROCESS, RATHER THAN THE ELEMENTS PERFORMING THE STEPS.
3. CLIENT-SIDE SOFTWARE : CLAIMS ONLY THE STEPS PERFORMED THERE.
4. SERVER-SIDE SOFTWARE : CLAIMS ONLY THE STEPS PERFORMED THERE.
5. MATH PROBLEM : CLAIMS STATED IN VERBAL FORMAT RATHER THAN FORMULA.
6. APPARATUS : CLAIMS INCLUDE THE HARDWARE SYSTEM WITH THE SOFTWARE THAT EXECUTES STEPS OF THE PROGRAM.
7. COMPUTER-READABLE MEDIUM : CLAIMS RECITE A MEDIUM PLUS CODE FUNCTIONALITY, FOR EXAMPLE "AN ARTICLE OF MANUFACTURE COMPRISING . . ."; "A COMPUTER PROGRAM PRODUCT FOR USE WITH . . .".
8. DATA STRUCTURE CLAIMS : CLAIMS EMBODY DATA OBJECT RELATIONSHIPS.
9. PROPAGATED SIGNAL (CARRIER WAVE) : CLAIMS FUNCTION TO PREVENT UNAUTHORIZED DOWNLOADS OVER THE INTERNET.
10. APPLICATION PROGRAM INTERFACE CLAIM : CLAIMS CONTROL WHO IS INTERFACING WITH THE PROGRAM. THE SOFTWARE ITSELF IS NOT CLAIMED, RATHER, A PROTOCOL, AND IS DIRECTED TO THE SERVER SIDE.
11. "CLONE-BUSTER" CLAIM : A "PICTURE" CLAIM (HIGHLY DETAILED, RECITING ALL ESSENTIAL FEATURES OF THE COMMERCIAL PRODUCT OR METHOD), TO PREVENT KNOCK-OFFS.
12. USER INTERFACE CLAIM : CLAIMS ARE DRAFTED FROM THE POINT OF VIEW OF THE SOFTWARE AND WHAT IS BEING PRESENTED TO THE USER.

XI. "BUSINESS-METHOD" PATENTS.

A. BACKGROUND . BEFORE THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT DECIDED THE *STATE STREET BANK & TRUST Co. v. SIGNATURE FINANCIAL GROUP, Inc.*, CASE IN 1998, BUSINESS METHODS WERE DEEMED NONPATENTABLE SUBJECT MATTER UNDER THE PATENT STATUTES (35 USC §101). IN THAT DECISION, OBSTACLES TO PATENTING SUCH SUBJECT MATTER WERE SWEEPED AWAY, SO LONG AS THE INVENTION INCLUDES SOME PRACTICAL APPLICATION OF AN IDEA AND PRODUCES "A USEFUL, CONCRETE AND TANGIBLE RESULT." SUBSEQUENT TO THAT DECISION, CLAIMS HAVE BEEN ISSUED DIRECTED TO THE AREAS OF BANKING, SECURITIES TRADING, ACCOUNTING, INSURANCE, MORTGAGES, FINANCIAL PLANNING, ADVERTISING, PSYCHOLOGICAL TESTING, COUPON DISTRIBUTION AND AUCTIONS, ALONG WITH OTHER NONTECHNICAL AREAS. HOWEVER, THERE IS NO STATUTORY OR REGULATORY DEFINITION TO THE PHRASE "BUSINESS-METHOD PATENT."

B. CATEGORIES OF BUSINESS METHODS . AT LEAST FOUR BROAD AND, IN SOME CASES, OVERLAPPING, CATEGORIES OF PATENTABLE BUSINESS METHODS INCLUDE: (1) THOSE THAT USE COMPUTERS TO CARRY OUT TRADITIONAL BUSINESS FUNCTIONS; (2) THOSE THAT USE THE INTERNET IN E-COMMERCE ACTIVITY; (3) NEW BUSINESS METHODS NOT DEPENDENT ON THE INTERNET; AND (4) EDUCATIONAL AND PSYCHOLOGICAL TESTING TECHNIQUES. (IT SHOULD BE NOTED THAT MOST PATENTS FALLING UNDER THE CATEGORY OF BUSINESS METHODS DO EMPLOY A COMPUTER IN SOME ASPECT OF THE INVENTIVE METHOD.)

C. STRATEGIC CONSIDERATIONS . AMONG THE QUESTIONS THAT SHOULD BE ADDRESSED ARE: DO THE BENEFITS OF OBTAINING A PATENT OUTWEIGH THE COSTS OF OBTAINING THE PATENT? ARE OTHERS (I.E., COMPETITORS) LIKELY TO PRACTICE THE INVENTION? WHAT IS THE LEVEL OF EXISTING COMPETITION IN THE GENERAL AREA? THE LEVEL OF EXISTING COMPETITION CAN BE USED TO GAUGE THE POTENTIAL FUTURE BENEFIT OF OBTAINING BUSINESS PATENT PROTECTION.

D. NEW DEFENSE FOR INTERNAL METHODS . THE *STATE STREET BANK* DECISION AND THE ISSUANCE OF INTERNET-RELATED PATENTS HAVE CAUSED MUCH CONCERN IN THE BUSINESS COMMUNITY ABOUT WHETHER INTERNAL BUSINESS METHODS MAY LATER BECOME THE SUBJECT OF A PATENT INFRINGEMENT CLAIM. AS A RESULT, CONGRESS RECENTLY PASSED LEGISLATION

ESTABLISHING A DEFENSE FOR INTERNAL METHODS THAT WERE CONCEIVED OF PRIOR TO THE INVENTION OF A LATER-ISSUED PATENT, SO LONG AS THE USE BEGAN BEFORE THE PATENT WAS APPLIED FOR. 35 U.S.C. §273. THERE IS AN UNCERTAINTY AS TO WHETHER THIS DEFENSE EXTENDS TO A LATER AUTOMATED ADAPTATION OF A PROCESS CONDUCTED MANUALLY, OR CONDUCTED IN A PARTIALLY MANUAL AND PARTIALLY AUTOMATED ENVIRONMENT.

XII. METHOD PATENTS DIRECTED TO SO “TAX STRATEGY”

A NEW SPECIES OF BUSINESS “METHOD” OR PROCESS PATENTS IS THE PATENT THAT IS DIRECTED TO A “TAX STRATEGY.” MERELY CREATING A NEW FORM OF TAX STRATEGY BY ITSELF WILL NOT QUALIFY FOR PROTECTION BY PATENT LAW. RATHER THE TYPE OF PROCESS OR “BUSINESS METHOD” AIMED AT LOWERING TAXES, AT LEAST IN PART, WHICH COULD QUALIFY FOR PROTECTION IS ONE THAT USES A MACHINE OR COMPUTER TO IMPLEMENT AN OTHERWISE NEW, USEFUL AND NONOBVIOUS PROCESS THAT IS DIRECTED, AMONG OTHER THINGS, TO LOWERING THE TAX EXPOSURE OF A LEGITIMATE TAXPAYER.

MERELY ADDING A COMPUTER TO AN OTHERWISE UNPATENTABLE MENTAL PROCESS WOULD LIKELY NOT QUALIFY FOR PATENTABILITY. ON THE OTHER HAND, A NOVEL METHOD FOR SOLVING A CONCRETE PROBLEM LIKE MINIMIZING TRANSFER TAX LIABILITY (WITH OR WITHOUT INSURANCE AND OTHER WEALTH TRANSFER PLANNING ELEMENTS) BY MEANS OF A COMPUTER-AIDED PROCESS MIGHT QUALIFY UNDER EXISTING LAW FOR PATENT PROTECTION.

THE FIRST SUCH PATENT TO BE ENFORCED IN COURT IS THE PATENT THAT ISSUED TO ROBERT SLANE OF WEALTH TRANSFER GROUP, LLC., A CLIENT OF OUR LAW FIRM. OUR FIRM WAS SUCCESSFUL IN ENFORCING MR. SLANE’S PATENT, ENTITLED, “ESTABLISHING AND MANAGING GRANTOR RETAINED ANNUITY TRUSTS FUNDED BY NONQUALIFIED STOCK OPTIONS,” TO A SETTLEMENT AND CONSENT JUDGMENT OF PATENT VALIDITY.

MR. SLANE’S PATENT HAS ATTRACTED NATIONAL ATTENTION, MUCH OF IT NEGATIVE, AS THE RESULT OF THE OPPOSITION TO SUCH PATENTS BY MANY TAX ATTORNEYS AND ACCOUNTANTS WHO FEEL THEIR BUSINESS THREATENED BY SUCH PATENTS. IN 2006 THE HOUSE WAYS AND MEANS COMMITTEE HEARD TESTIMONY AIMED AT CURTAILING OR ELIMINATING SUCH PATENTS AND BILLS TO THIS EFFECT ARE PENDING IN CONGRESS. IT WOULD BE A MISTAKE, HOWEVER, TO GRANT

ACCOUNTANTS AND TAX ATTORNEYS AN EXEMPTION THAT OTHER INDUSTRIES IMPACTED BY INNOVATION DO NOT ENJOY. OUR FIRM BELIEVES, THEREFORE, THAT THE EFFORTS TO GAIN SUCH AN EXEMPTION FROM CONGRESS (OR THE IRS BY RESTRICTING REGULATION) WILL FAIL AND THAT THERE WILL BE A WAIVE OF NEW AND NOVEL TAX AND TAX RELATED INSURANCE PLANS PROTECTED BY PATENT IN THE COMING DECADE. IF SO, PRACTITIONERS IN THIS AREA WHO ARE INVOLVED IN THE CUTTING EDGE OF INNOVATION SHOULD CONSIDER THE BENEFITS OF PATENT PROTECTION FOR THEIR TRULY NOVEL METHODS. IN FACT, MANY PATENT APPLICATIONS DIRECTED TO "TAX STRATEGIES" ARE ALREADY PENDING IN THE PTO.

XIII. PATENT INFRINGEMENT LITIGATION.

A PATENTED INVENTION CANNOT BE MADE, USED, SOLD, IMPORTED OR EXPORTED BY OTHERS WITHOUT THE OWNER'S PERMISSION.

A. REMEDIES FOR INFRINGEMENT .

1. A PATENTEE SHALL HAVE REMEDY BY CIVIL ACTION FOR INFRINGEMENT OF HIS OR HER PATENT. 35 U.S.C. §281.
2. AFTER PROVING INFRINGEMENT, THE PATENT OWNER IS ENTITLED TO AN INJUNCTION AND AN AWARD OF DAMAGES ADEQUATE TO COMPENSATE FOR THE INFRINGEMENT, WHICH SHALL BE NOT LESS THAN A REASONABLE ROYALTY. 35 U.S.C. §§283-4.
3. THE PATENT OWNER MAY ALSO ESTABLISH WILLFUL INFRINGEMENT, SO AS TO JUSTIFY AN AWARD OF TREBLE DAMAGES AND ATTORNEY'S FEES.

B. ACTS OF INFRINGEMENT .

1. DIRECT INFRINGEMENT . THE UNAUTHORIZED MANUFACTURE, SALE, OR OFFERS TO SELL ANY PATENTED INVENTION WITHIN THE UNITED STATES DURING THE TERM OF THE PATENT. 35 U.S.C. §271(A). RELIEF MAY BE SOUGHT AGAINST A MANUFACTURER, SELLER OR END USER.

2. INDUCING INFRINGEMENT . ONE WHO ACTIVELY INDUCES INFRINGEMENT OF A PATENT BY ANOTHER IS LIABLE AS AN INFRINGER. 35 U.S.C. §271(B).

3. CONTRIBUTORY INFRINGEMENT . THE SALE OF A COMPONENT THAT IS A MATERIAL PART OF A PATENTED PRODUCT, OR IS USABLE AS A MATERIAL PART IN PRACTICING A PATENTED PROCESS, WHERE THE COMPONENT IS ESPECIALLY MADE OR ADAPTED FOR USE IN INFRINGEMENT, IS CONTRIBUTORY INFRINGEMENT. THERE IS NO LIABILITY FOR CONTRIBUTORY INFRINGEMENT WHERE THE COMPONENT IS A STAPLE ARTICLE OR COMMODITY OF COMMERCE SUITABLE FOR A SUBSTANTIAL NONINFRINGEMENT USE. 35 U.S.C. §271(C).

C. PRESUMPTION OF VALIDITY .

1. A PATENT ENJOYS A PRESUMPTION OF VALIDITY. EACH CLAIM OF A PATENT IS PRESUMED VALID INDEPENDENTLY OF THE VALIDITY OF OTHER CLAIMS. 35 U.S.C. §281.

2. DEFERENCE IS GIVEN TO THE EXPERTISE OF THE PTO. THE LAW PLACES ON AN ACCUSED INFRINGER A BURDEN TO PROVE INVALIDITY BY CLEAR AND CONVINCING EVIDENCE.

D. PROOF OF INFRINGEMENT .

1. INFRINGEMENT OF UTILITY PATENTS IS SHOWN THROUGH PROOF BY A PREPONDERANCE OF THE EVIDENCE THAT *EVERY* ELEMENT OF A CLAIM IS FOUND IN THE ACCUSED PRODUCT OR PROCESS.

2. EACH CLAIM IS CONSIDERED SEPARATELY. FOR A FINDING OF INFRINGEMENT, IT IS NECESSARY TO SHOW INFRINGEMENT OF ONLY ONE OF THE INDEPENDENT CLAIMS.

3. UNLESS LIMITED BY THE CLAIM LANGUAGE ITSELF, A PRODUCT OR PROCESS MAY BE FOUND TO INFRINGE, EVEN THOUGH IT CONTAINS ELEMENTS IN ADDITION TO THE ELEMENT FOUND IN THE CLAIM.

4. IN THE ABSENCE OF LITERAL INFRINGEMENT, INFRINGEMENT MAY ALSO BE FOUND BY APPLICATION OF THE DOCTRINE OF EQUIVALENTS, WHICH LOOKS TO THE QUESTION OF WHETHER AN ELEMENT IN THE ACCUSED PRODUCT OR PROCESS PERFORMS THE SAME FUNCTION IN THE SAME MANNER TO ACHIEVE THE SAME RESULT AS A CORRESPONDING ELEMENT IN THE CLAIM. AN AMENDMENT DURING PROSECUTION, AND LANGUAGE IN THE SPECIFICATION CAN SERVE TO LIMIT THE APPLICABILITY OF THE DOCTRINE OF EQUIVALENTS.

E. DEFENSES .

1. NONINFRINGEMENT . AN ALLEGED INFRINGER MAY AVOID LIABILITY BY REBUTTING THE PATENTEE'S SHOWING OF INFRINGEMENT.

A. SCOPE OF CLAIMS . CLAIMS ARE READ IN LIGHT OF THE MEANING OF THE LANGUAGE USED IN THE PATENT SPECIFICATION AND THE HISTORY OF PROSECUTION OF THE APPLICATION IN THE PTO. AN INVENTOR IS PERMITTED TO BE HIS OWN LEXICOGRAPHER, AND THE MEANING GIVEN BY THE INVENTOR TO THE WORDS IN THE CLAIMS MAY DIFFER FROM ORDINARY USAGE OR COMMON USAGE IN THE TRADE.

B. PROSECUTION ESTOPPEL . IN THE ABSENCE OF LITERAL INFRINGEMENT, AN ACCUSED INFRINGER CAN PREVENT THE PATENT OWNER FROM SEEKING ANY EQUIVALENCY WHICH WAS ABANDONED BY AMENDMENTS OR ARGUMENTS MADE DURING PROSECUTION OF THE PATENT APPLICATION IN ORDER TO OBTAIN ALLOWANCE. THE PATENT OWNER IS NOT PERMITTED TO ADOPT A POSITION IN AN INFRINGEMENT ACTION THAT IS INCONSISTENT WITH THE POSITION ADOPTED EARLIER BEFORE THE PTO DURING THE PROSECUTION OF THE APPLICATION (REFERRED TO AS "PROSECUTION HISTORY ESTOPPEL").

2. INVALIDITY . AN ALLEGED INFRINGER MAY CHALLENGE THE VALIDITY OF A PATENT BY A SHOWING MADE WITH CLEAR AND CONVINCING EVIDENCE.

A. PRIOR UNSUCCESSFUL CHALLENGES BY OTHERS .
ALTHOUGH A SUCCESSFUL CHALLENGE BY ANOTHER TO THE VALIDITY OF A PATENT WILL COLLATERALLY ESTOP A PATENT OWNER FROM ASSERTING THE PATENT AGAIN, AN UNSUCCESSFUL CHALLENGE BY ANOTHER DOES NOT ESTOP A LATER CHALLENGE TO VALIDITY.

B. INVALIDITY BECAUSE OF FAILURE TO MEET CONDITIONS REQUIRED FOR PATENTABILITY UNDER 35 U.S.C. §§101, 102, 103 . A PATENT CLAIM WILL BE FOUND INVALID IF IT RECITES AN INVENTION WHICH IS:

- (1) NOT PATENTABLE SUBJECT MATTER;
- (2) KNOWN OR USED BY OTHERS IN U.S. BEFORE BEING INVENTED BY THE INVENTOR;
- (3) PATENTED OR DESCRIBED IN A PRINTED PUBLICATION ANYWHERE IN THE WORLD BEFORE BEING INVENTED BY APPLICANT, OR MORE THAN ONE YEAR PRIOR TO THE DATE OF FILING THE PATENT APPLICATION;
- (4) IN PUBLIC USE OR ON SALE IN THE U.S. MORE THAN ONE YEAR PRIOR TO THE FILING DATE;
- (5) INVENTED BY SOMEONE ELSE.

C. INVALIDITY FOR FAILURE TO MEET THE DISCLOSURE REQUIREMENTS OF 35 U.S.C. §112 . A PATENT CLAIM MAY ALSO BE INVALIDATED IF THE SPECIFICATION FOR THE PATENT:

- (1) DOES NOT CONTAIN A SUFFICIENT WRITTEN DESCRIPTION OF THE INVENTION;

(2) DOES NOT CONTAIN AN ENABLING DISCLOSURE, I.E., A DISCLOSURE SUFFICIENT TO ENABLE ANY PERSON SKILLED IN THE ART TO WHICH THE INVENTION PERTAINS TO MAKE AND USE THE INVENTION;

(3) DOES NOT SET FORTH THE BEST MODE CONTEMPLATED BY THE INVENTOR OF CARRYING OUT THE INVENTION AS OF THE FILING DATE OF THE APPLICATION.

3. PRIOR USE . PRIOR USE MAY BE AVAILABLE AS A DEFENSE FOR ANYONE WHO ACTUALLY REDUCED THAT WHICH IS CLAIMED TO PRACTICE BEFORE THE INVENTION BY THE INVENTOR AND COMMERCIALY EXPLOITED THE METHOD BEFORE THE APPLICATION FILING DATE.

4. UNENFORCEABILITY DUE TO INEQUITABLE CONDUCT .

A. EVERY APPLICANT HAS A DUTY OF CANDOR AND GOOD FAITH WHICH INCLUDES AN OBLIGATION TO DISCLOSE TO THE PTO INFORMATION KNOWN TO THE APPLICANT WHICH IS MATERIAL TO THE EXAMINATION OF THE APPLICATION. INFORMATION IS "MATERIAL" WHEN:

(1) IT IS NOT CUMULATIVE OF INFORMATION ALREADY OF RECORD; AND

(2) IT ESTABLISHES A PRIMA FACIE CASE OF UNPATENTABILITY OF A CLAIM, OR REFUTES OR IS INCONSISTENT WITH A POSITION TAKEN BY APPLICANT IN ARGUING PATENTABILITY, OR REFUTING A PATENT OFFICE ARGUMENT OF UNPATENTABILITY. 37 CFR 1.56.

B. THE DUTY EXTENDS TO THE INVENTOR, TO THE ATTORNEY OR AGENT WHO PREPARES THE APPLICATION AND TO EVERY OTHER INDIVIDUAL SUBSTANTIVELY INVOLVED WITH THE PREPARATION OR PROSECUTION OF THE APPLICATION. THE DUTY IS COMMENSURATE WITH THE DEGREE OF INVOLVEMENT WITH THE APPLICATION.

C. VIOLATION OF THE DUTY OF CANDOR AND GOOD FAITH TOWARD THE PATENT OFFICE AS TO ANY ONE CLAIM MAY RENDER THE WHOLE PATENT UNENFORCEABLE.

5. LACHES AND ESTOPPEL DUE TO DELAY IN BRINGING SUIT TO ASSERT RIGHTS .

A. LACHES EXISTS WHERE UNREASONABLE AND INEXCUSABLE DELAY BY THE PATENTEE IN FILING SUIT HAS CAUSED MATERIAL PREJUDICE TO THE INFRINGER, AND ONLY BARS RECOVERY FOR INFRINGEMENT PRIOR TO SUIT. THE BURDEN OF PROVING LACHES IS ON THE DEFENDANT. LACHES IS PRESUMED FROM A SIX-YEAR DELAY, FROM KNOWLEDGE OF THE INFRINGEMENT TO THE BRINGING OF THE SUIT, AND SHIFTS THE BURDEN TO THE PATENTEE TO SHOW EXCUSE OR LACK OF PREJUDICE.

B. ESTOPPEL REQUIRES THE ELEMENTS OF LACHES, PLUS CONDUCT BY THE PATENTEE REASONABLY JUSTIFYING EITHER BELIEF OF ABANDONMENT OF PATENT RIGHTS, OR BELIEF THAT THE ALLEGED INFRINGER COULD PROCEED WITH IMPUNITY, TOGETHER WITH DETRIMENTAL RELIANCE ON SUCH CONDUCT. EQUITABLE ESTOPPEL BARS ALL RELIEF FOR PATENT INFRINGEMENT.

6. OWNERSHIP INTEREST DERIVED FROM CO-INVENTOR OR OTHERWISE. 35 U.S.C. §262 .

7. ACTUAL OR IMPLIED LICENSE, OR SHOP RIGHTS OF EMPLOYER.

8. FAILURE OF PATENTEES AND THEIR AGENTS TO MARK PRODUCTS WITH PATENT NUMBER . BARS RECOVERY OF DAMAGES, EXCEPT THAT UPON PROOF THAT INFRINGER WAS ACTUALLY NOTIFIED OF THE INFRINGEMENT AND CONTINUED TO INFRINGE THEREAFTER, DAMAGES MAY BE RECOVERED ONLY FOR INFRINGEMENT OCCURRING AFTER SUCH NOTICE. 35 U.S.C. §287. FILING OF AN INFRINGEMENT

ACTION CONSTITUTES NOTICE. NO NOTICE IS REQUIRED FOR A PATENTED PROCESS.

F. REQUIREMENT FOR CERTAIN EVIDENCE . A PARTY ASSERTING INVALIDITY OR NONINFRINGEMENT MUST GIVE WRITTEN NOTICE TO THE ADVERSE PARTY AT LEAST 30 DAYS BEFORE TRIAL OF CERTAIN INFORMATION, OR PROOF MAY NOT BE PRESENTED AT TRIAL.

G. JURISDICTION . ORIGINAL, EXCLUSIVE JURISDICTION OF CIVIL ACTIONS ARISING UNDER THE PATENT LAWS LIES IN THE U.S. DISTRICT COURTS. 28 U.S.C. §1338. JURISDICTION IN FEDERAL COURTS MAY ALSO BE FOUNDED UNDER ONE OR MORE OF THE FOLLOWING PROVISIONS: 28 U.S.C. §1331 (FEDERAL QUESTION); 28 U.S.C. §1332 (DIVERSITY); 28 U.S.C. §1337 (ANTITRUST); 28 U.S.C. §1350 (ALIEN'S ACTION FOR TORT); OR 28 U.S.C. §§2201, 2202 (DECLARATORY JUDGMENT).

H. VENUE . AN ACTION FOR PATENT INFRINGEMENT MAY BE BROUGHT IN THE JUDICIAL DISTRICT WHERE THE DEFENDANT RESIDES, OR WHERE THE DEFENDANT HAS COMMITTED ACTS OF INFRINGEMENT AND HAS A REGULAR AND ESTABLISHED PLACE OF BUSINESS. 28 U.S.C. §1400. OTHER VENUE PROVISIONS SUCH AS 28 U.S.C. §1391 (GENERAL); OR §1392 (DIFFERENT DISTRICTS) MAY APPLY.