Utility Patents - Part 2:
Best Practices For Building Valuable Portfolios

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- Patent Kinetics specializes in Intellectual Capital Management, including patent portfolio strategies and evaluating patent enforcement opportunities

- Link to Part 1: Utility Patents – The Basics

- Bob Weber, its Managing Director, is not an attorney

- Nothing in this presentation is, or shall be construed under any circumstances, by implication or otherwise, as the giving of legal advice and/or the practice of law.

- Always consult a registered patent attorney

Best Practices: How To Build Patent Value

The 6 Main Reasons Why Most Patents Are Worthless

1) **Market didn't go there**
2) **Claims badly drafted or not drafted with damages in mind**
    1) Wrong targets (e.g., users rather than competitors), wrong type of claims, divided infringement, failing to target split US/foreign practice, "greedy" claims
3) **Leaving the prior art searching to the Patent Office**
4) **Failure to search the patent prior art**
5) **Failure to search the non-patent prior art**
6) **Not keeping the file open with a continuation application**

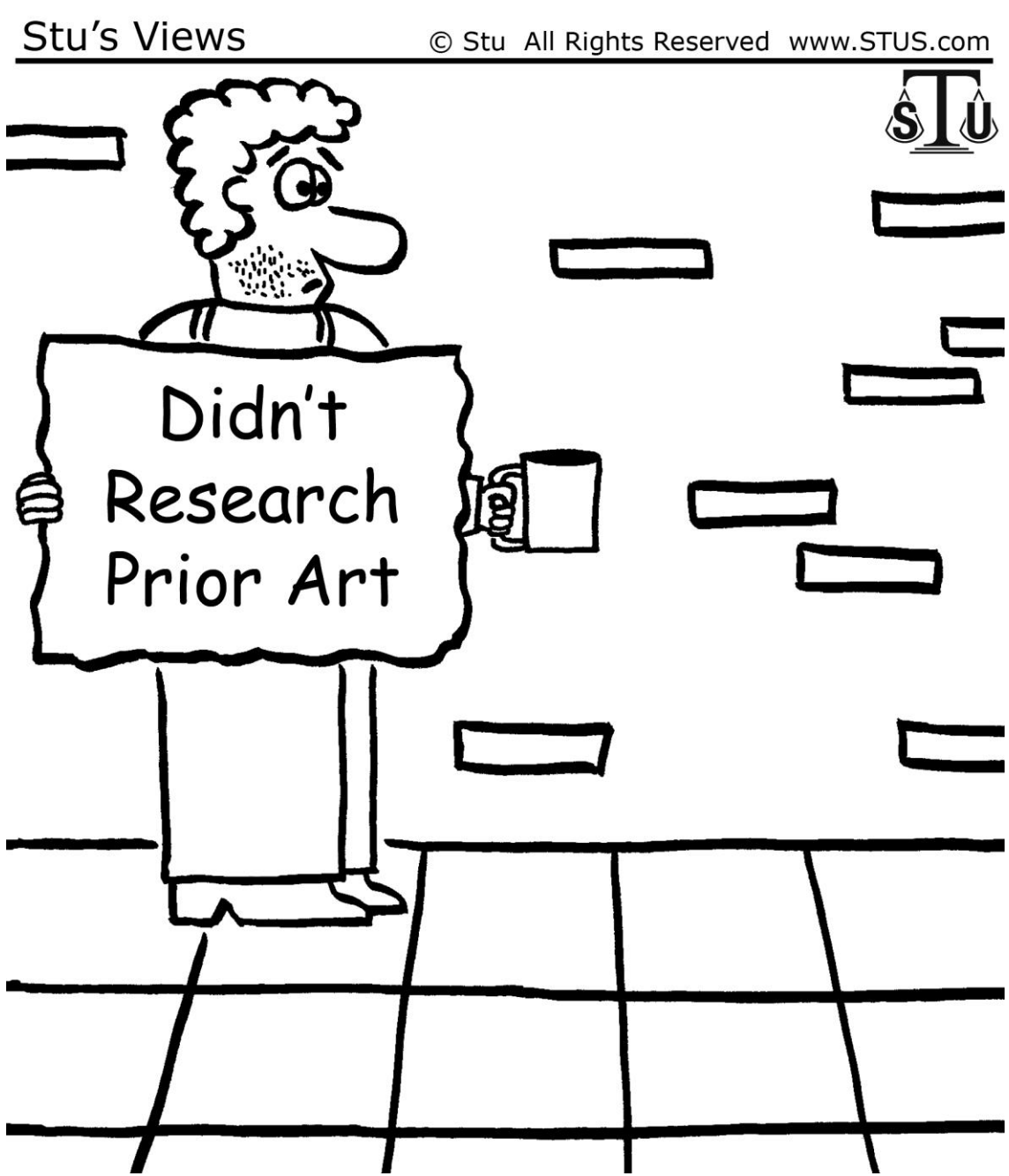
1. No One Is Practicing The Invention

- **Entrepreneurial risk – happens all the time**
- **Patent owners failed to commercialize**
  - No market uptake
  - Failure to raise the next (first) round
  - Pivot, move on, etc.
- **No one else is practicing the invention(s)**
- **The products evolved and the claims did not**
- **Chalk it up to experience and move on**

2. The Claims Are Unenforceable

- **Claims "define, in technical terms, the extent, i.e. the scope, of the protection conferred by a patent."**

- **Typical claim problems**
  - **Claims too narrow**
    - Claim elements A+B+C+D+E
    - Infringement requires that all claim elements be practiced by a single entity
    - A+B+C+D doesn't infringe
  - **One party does not practice all claim elements**
    - So-called "divided infringement claims"
    - A+B+C+D practiced by one entity, E practiced by another
    - Usually solved by better claim drafting



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3-4-5: Failure to Search the Prior Art

- **3. Leaving the searching to the patent examiner**
  - Patent dead on arrival in almost all cases
- **4. Failure to search the patent prior art**
- **5. Failure to search the non-patent prior art**

➢ **<u>Inventors are NOT required to search for prior art</u>**

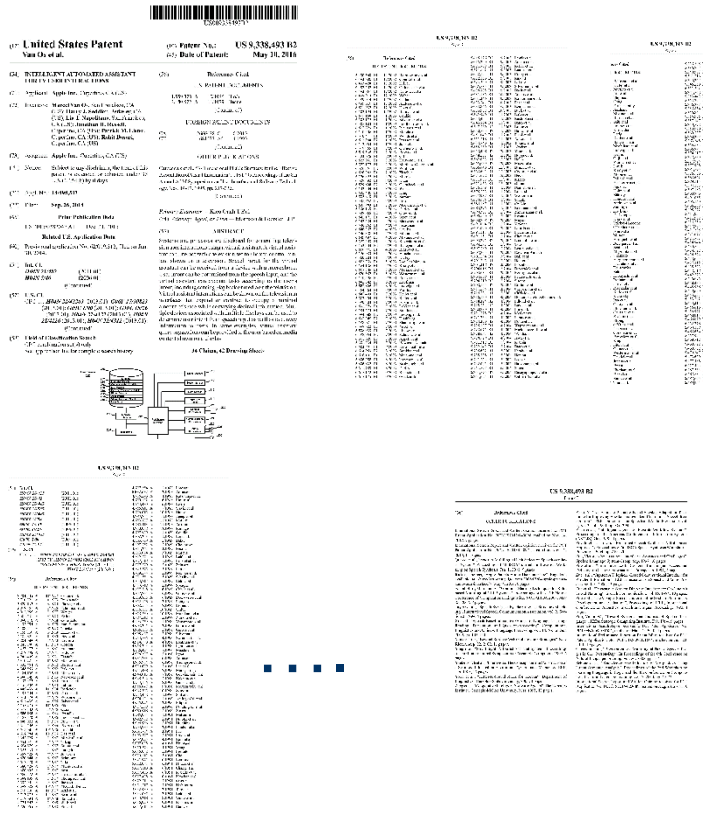
- **Inventors are required to tell the patent office about prior art that they know about**
  - Failure to do this is usually considered “inequitable conduct” and is grounds for invalidating a patent if litigated

Searching Matters Because

- **Indicates seriousness of purpose, strategic intent**
  - Compare Apple's "Intelligent automated assistant for TV user interactions" patent (US 9,338,493) with the garden variety Apple patent

- (See next slide)

Apple 9,338,493 - 46 pages of references – patent and non-patent art



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“Intelligent automated assistant for TV user interactions”

Lots of references in part because of the different technologies combined to form the claimed inventions

Apple seems to put fewer resources into patents that appear to be non-strategic – see next slide

For its time, the original iPod patent had a large number of prior art citations, for example, suggesting its strategic importance to Apple

Apple 8,375,312
Example “garden variety” Apple Patent


US008375312B2

(12) **United States Patent**
Marinkovich et al.

(10) **Patent No.: US 8,375,312 B2**
(45) **Date of Patent: Feb. 12, 2013**

(54) **CLASSIFYING DIGITAL MEDIA BASED ON CONTENT**

(75) Inventors: **Mike Marinkovich**, Santa Clara, CA (US); **Greg Lindley**, Sunnyvale, CA (US); **Alan Cannistraro**, San Francisco, CA (US); **Evan Doll**, San Francisco, CA (US); **Gary Johnson**, San Jose, CA (US)

(73) Assignee: **Apple Inc.**, Cupertino, CA (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 1228 days.

(21) Appl. No.: **11/760,720**

(22) Filed: **Jun. 8, 2007**

(65) **Prior Publication Data**

US 2008/0307337 A1 Dec. 11, 2008

(51) **Int. Cl.**
G06F 3/00 (2006.01)
G06F 3/048 (2006.01)

(52) **U.S. Cl.** **715/762**; 715/764; 715/804; 715/833; 715/846; 715/848; 715/768

(58) **Field of Classification Search** 715/762, 715/764, 804, 833, 846, 848
See application file for complete search history.

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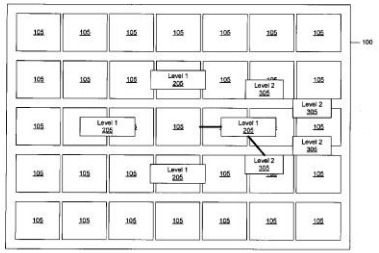
(74) *Attorney, Agent, or Firm* — Schwegman Lundberg & Woessner, P.A.

(57) **ABSTRACT**

A computer-implemented method for classifying digital content can include displaying one or more poster frames in a user interface, wherein a poster frame corresponds to an item of digital content, displaying one or more first level classification panes adjacent to a poster frame corresponding to an item to be classified, wherein a first level classification pane is associated with a keyword, and enabling a user to associate a poster frame with a first level classification pane to cause the keyword associated with the first level classification pane to be associated with the item to which the poster frame corresponds.

22 Claims, 4 Drawing Sheets



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Title: “Classifying digital media based on content”

Best Practice: Searching Matters Because

- **Indicates seriousness of purpose, strategic intent**
- **Patent more likely to stand up if litigated**
- **Perhaps more likely to survive Inter Parties Review**
- **In computer related inventions, find as many references as possible**
  - **Remember to search with synonyms**

➢ **Not all patent attorneys agree, however.**

  ➢ May create a roadmap for invalidity challenges

Many Useful Free Online Tools
Some examples:

- **Google patents – some prior art presented**
  - patents.google.com
- **The USPTO patent and pending application databases**
  - patft.uspto.gov
- **The European Patent Office database**
  - worldwide.espacenet.com/?locale=EN_ep
- **WIPO Database**
  - www.wipo.int/patentscope/search/en/search.jsf
- **Sumo Patents (charges for paper copies)**
  - www.sumobrain.com/quick_search.html
- **The Internet Archives**
  - www.archive.org/web/web.php
- **DuckDuckGo – doesn't record your searches**
  - www.duckduckgo.com

Best Practice:
File One or More Provisional Patent Applications

- **A provisional application (a US-only feature) in most circumstances will protect you from premature disclosure and the on-sale bar**
- **A provisional application is never examined and only published after a utility application that claims priority to the provisional is published by the USPTO.**
- **Gives the patent owner a year to file a utility application based on the provisional**
  - Allows one to talk with investors who typically won't sign an NDA/Non-use Agreement
- **Provisional applications that do not disclose the invention details - including any "secret sauce"- aren't worth the effort**
- **May file multiple provisional applications during the 12 months as the ideas are developed**

Best Practice:
File Utility Applications Track 1

- **Prioritized examination - within one year**
- **Depending on the year, allowance rates for Track 1 range from 50% to 84%**
- **Fees advantageous for individuals, small entities**
  - The fees for large, small, and micro entities (as of the filing date)
    - $4,000, $2,000, or $1,000
- **You and your attorney need to respond to office actions on a timely basis**
  - Loose Track 1 status if:
    1. the applicant files a request for an extension of time to anything;
    2. once a “final” office action is sent by the USPTO;
    3. applicant files an Request for Continued Examination (RCE);
    4. applicant files an appeal; or
    5. applicant amends the application to have in excess of 4 independent claims and 30 dependent claims.
- **Consult a registered patent attorney for additional information**

Best Practice:
Keep the File Open With A Continuation Application

- **Before an allowed patent issues, file a continuation application based on the same specification**
  - File continuations Track 1
- **Allows one to tailor claims to evolving (competitor) products or services in the marketplace**
  - Also to correct mistakes
- **Is an implied threat (and opportunity) since the allowed claims may not "read" precisely on an evolving competitor product / service**
- **Remember to search the new claims ☺**

Best Practice:
Consider Foreign Filings

- **The US patent system may not be fixed anytime soon**
  - MAANG (**M**eta, **A**pple, **A**mazon, **Netflix**, **G**oogle) companies continue working to substantially weaken the US patent system
    - MAANGling small competitors in the process

- **Despite costs, filing abroad is becoming an important patent strategy for large companies and some smaller entities as well**
  - Filings in Germany, the UK, and China May be more attractive than filing only in the USA
    - A patent owner can get an injunction in Germany, the UK and maybe in China
  - Raises portfolio development costs substantially
  - China expensive because of translation costs
  - Going international clearly increases cost-benefit issues, especially for startups

- **If resources are available, consider filing more broadly**
  - Countries in which competitors do business
  - Countries with the largest markets for your products / services

Best Practice: Where *NOT* To File*

- **Avoid countries with export regulations**
  - Export Administration Regulations (EAR)
  - International Traffic in Arms Regulations (ITAR)

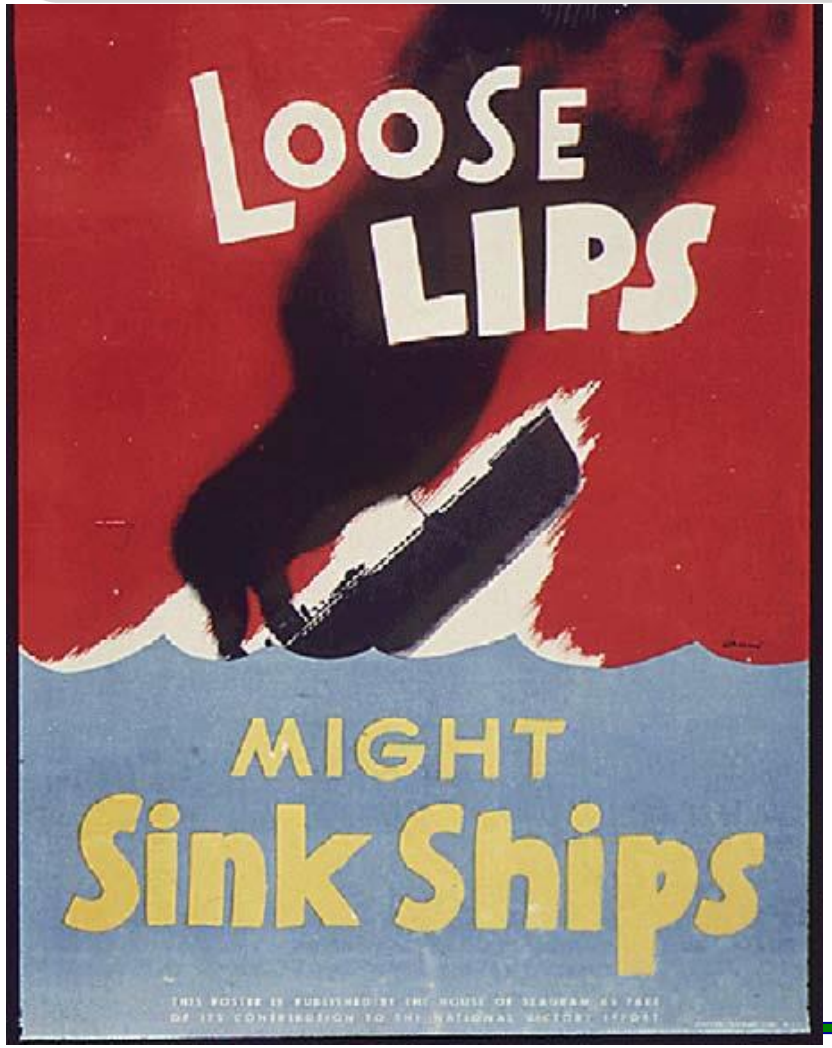
- **Avoid: Crimea - Region Of Ukraine, Cuba, Iran, North Korea, Sudan, Syria**

- **Additional information-scroll down on this site:**

https://www.tradecompliance.pitt.edu/embargoed-and-sanctioned-countries

*Slide adapted with permission from Peter Fasse (Fish)'s Boston ENet presentation (which also has useful budget information)

Best Practice:
Avoid Prior Disclosure – The On-sale Bar



- Disclosing your invention without an NDA before filing a patent application: you loose your foreign patent rights immediately and your US patent rights in most scenarios
- Offering your invention for sale or license – even under an NDA – before filing a patent application: subsequently issued patent likely invalid
- Still evolving areas of US patent law
- Consult a registered patent attorney

Best Practice:
Work With A Registered Patent Attorney

- Even if you draft a patent application yourself, have a registered patent attorney provide feedback
- Better to have the patent attorney draft the final version and handle interactions with the USPTO
- Best not to talk with USPTO yourself

Some Patent Attorneys Are Part Of The Problem, However

- **Numerous patent attorneys have told me that their job is getting a patent issued (regardless of quality)**
  - Creates a version of “the Dancing Dog Problem”

- **Some patent attorneys recommend not doing prior art searches**
  - Among the key mistakes that lead to worthless patents
  - Inventors, patent owners can do much of this themselves
  - Usually worth the time and effort
  - Many free tools (noted above)

- **Patent quality is key to higher patent value**

Best Practice Recommendations

- **Try to anticipate where the market will be in 2-5 years**
  - Envision the invention broadly
  - Think about alternative “embodiments” of the invention
  - Can tweak the claims as the market evolves through claim amendments and/or with continuation applications.
- **File US Utility Applications Track 1 – effective for individuals and small entities**
- **Draft claims with potential damages in mind**
  - Might prefer apparatus claims to method claims when possible
- **Make sure its possible and likely for one party (a competitor) to infringe the claims**
- **Search extensively, especially for computer and communications related patent applications**
- **Consider replacing any patent attorney who recommends not searching the patent and non-patent prior art**
- **Keep the file open with continuing applications**

Acknowledgements and Disclaimers

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Gratitude to those attorneys, inventors, patent owners, co-workers, bloggers and others who have shared their knowledge and expertise in private conversations and public forums.

About Patent Kinetics and Bob Weber

- Based on more than two decades of practical experience, Patent Kinetics, LLC helps patent owners, inventors and investors get a financial return on their substantial investments in R&D. We specialize in patent portfolio strategy and implementation and in enforcement opportunity evaluation in the electrical and mechanical technology domains.

- Bob Weber is an intellectual property professional, inventor, serial entrepreneur, senior executive, and management consultant. Weber is an inventor with 27 issued US patents and a number of foreign counterparts. Weber has been a member of the Silicon Valley Chapter of the Licensing Executives Society since 2010 has served on the chapter's Board of Directors and Program Committee. In Boston, he served on the Advisory Board of the Boston Entrepreneurs Network ("ENet") where he co-organized and moderated ENet's "Legal Issues for Entrepreneurs" meetings.

The End

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Muchas gracias

Domo arigato

Dank u

Danke schoen

Thank you

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