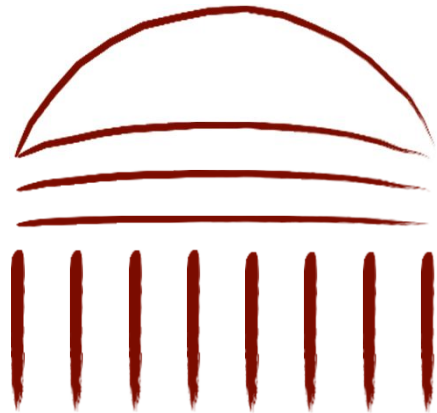


For Background Education Only – NOT LEGAL ADVICE



Great Dome Associates
www.great-dome.com

IP For Entrepreneurs

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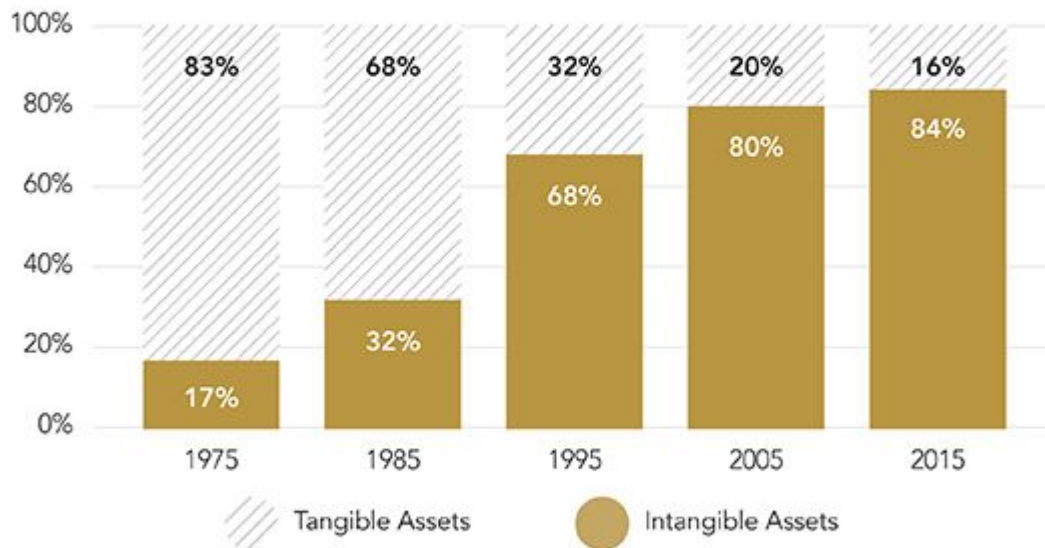
Overview

- **Value of Intellectual Property (“IP”)**
- **Types of IP**
- **IP Strategy**
- **Patent Basics in the U.S.**
- **Practical Advice Summary**



Intangibles = Increasing % of Value

COMPONENTS *of* S&P 500 MARKET VALUE



SOURCE: INTANGIBLE ASSET MARKET VALUE STUDY, 2017



Large Companies

- **Are Not Designed to Innovate**
- **Main Job is to Execute Existing Business Model**
 - **Predictability**
 - **Scale**

Emerging Companies

- **Are All About Innovation**
- **Main Job is to Find a Viable Business Model**
 - **Speed**
 - **Iteration**



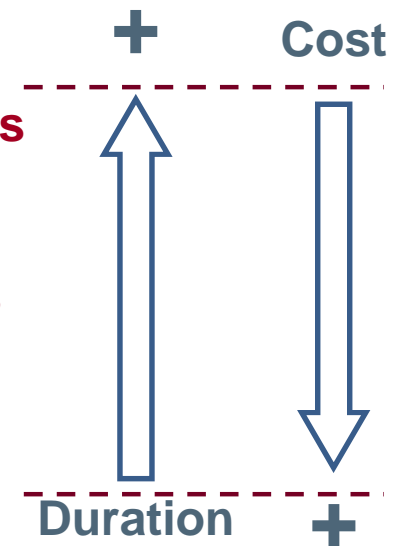
How Can IP Help Your Venture

- **It is a Valuable Asset. If developed thoughtfully**
 - You can use it to raise capital
 - It will increase your value to acquirers
- **Correlation with Success**
 - IPVision study: Top Quartile of Patent Ratings for VC backed companies => 85% were “Winners”
- **You can establish you are a good manager of technology**
 - Do you own the IP you say you have?
(prior employers, employee assignments, open source)
 - Have your competitors blocked you out?



Types of IP Protection

- None
- Trade Secret → Can “Prevent” Others
- Trademark] → Can Enhance Value
But Don’t “Block” Others
- Copyright]
- Patent → Cuts Both Ways
- Combinations of Protection
 - i.e. Software can be protected by Patent and Copyright



Trademark/Service mark

- **Developing a Name for Yourself – Customers Think of You When They See/Hear the Mark. Words, Logo, Color, Sound**
- **A Mark under which you sell Goods or Services**
 - House Mark - IBM, Virtual Ink, Harley-Davidson (sound)
 - Product mark – Thinkpad, Tide
 - Rights arise from use in commerce
 - Federal Registration: ™ vs ®
- **Pick a “fanciful” mark:**
 - Apple, iPod, Nest
- **Do NOT pick descriptive words/phrases**
 - Storage Technology, Analog Devices
- **Is the Mark available?**
 - Check availability at U.S. Trademark Database www.uspto.gov



Copyright

- **The right to make copies**
 - Arises from creating a work
 - Federal Registration is a plus
 - Protects the expression - NOT FUNCTION
 - great fit for music, poor fit for software
- **For your Venture:**
 - Make sure you have the rights you need
 - Owned by Author unless Employee or Work for Hire
 - Check open source issue



Trade Secret

- **Secrets you use to give yourself an advantage in the marketplace**
 - formula for Coke
 - protection granted varies from state to state
 - lasts as long as you can keep it secret –
Nondisclosure Agreements (NDA)
- **For your Business Plan/Pitch**
 - note that you have trade secrets - keep the secrets out of the plan or pitch

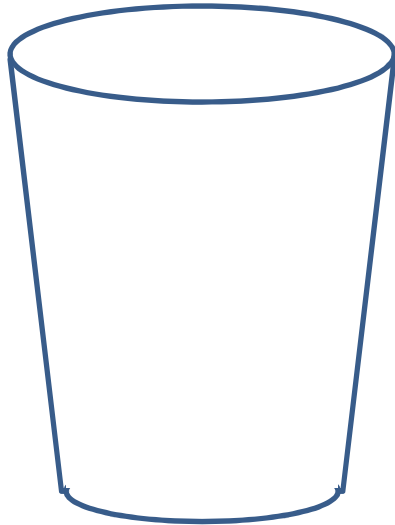


Patents = Limited Time Monopoly

- A Federally granted right to any system or method that is new, non-obvious and useful
 - It has to be applied for
 - It has to be granted by the Patent Office (Country by Country)
- Very Much Like Real Estate
 - Right to Prevent Trespassers
 - Prevent others from making, using, selling, or distributing the patented invention
- Ownership: Not = Right to Use
 - Real Estate Analogy: Access Rights, Zoning, etc
- Claims of Patent = Fence Around Property
- Duration = 20 years from filing



Coffee Cup and Handle



You patent a vessel to hold a liquid



I patent a handle



There can be no “handle” on the “cup” without a cross license

The holder of a patent has the right to exclude others from using his/her invention



Requirements to Obtain a U.S. Patent

- **Novel – Something “New”**
 - Prior Art must be cited
- **Useful**
- **Patentable Subject Matter - § 101**
 - “process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”
- **Not previously sold or publicly described**
 - Enabling Disclosure
 - One Year Window in U.S. Only
- **Not obvious “to one of ordinary skill in the art”**
 - Prior art “teaches against”
 - Commercial success can show non-obviousness
- **First Inventor To File**



Goal-Oriented IP Strategy – Evaluate Your Needs

- **Core technology**
- **Product**
 - Risk of reverse engineering
 - Market exposure time/life span
 - Profitability over time
- **Business model**
 - Manufacture and sell
 - License/partner
- **Non-IP bars to market entry**
 - Regulatory
 - Economic
- **Exit strategy**



Patents and New Ventures

- **Freedom to Make, License and Sell your Product or Service**
- **Does Your Company Own the Technology?**
 - Assigned by Inventor to Company?
 - Licensed from University?
 - Did it go into the Public Domain?
 - Public Disclosure/On Sale Bars
- **What is your Strategy?**
 - Patenting vs. Disclosing to Prevent Others from Patenting



Look before you Launch: Freedom to Operate

Does someone's IP bar you from market entry?

- Legal/economic implications
- Investor appeal/requirement
- Freedom to operate analysis:
 - Evaluation of the IP space “around” your technology
 - Need to license blocking IP from third parties?

Failure to look before you launch can be fatal

- You may not be able to secure an essential license
 - A direct competitor may hold blocking IP and may not be willing to negotiate a license deal
- Investors typically have no interest in “buying a law suit”



Freedom to Operate

Prior Art – Find What Is Out There Already

See-the-Forest™ Patent Analytics

by ipvision

search topic or patent number (e.g. PN/6000000)

Search

User ID: ipvision

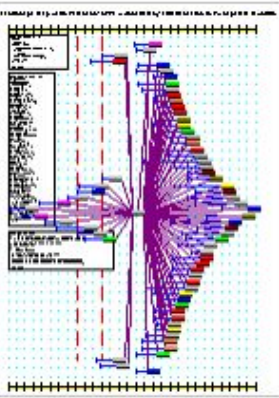
[Account Types](#)

[Search Help](#)

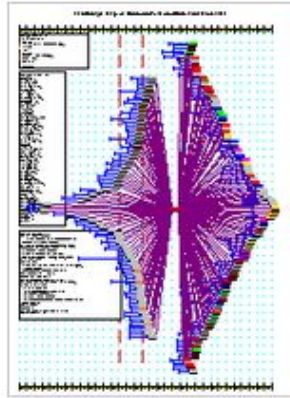
[More Search Options](#)

www.see-the-forest.com email: service@ipvisioninc.com Subject: JoeUpgrade

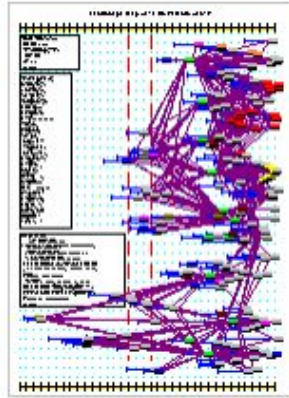
Interesting Patents [Archive](#)



Computer Mouse Patent Litigation

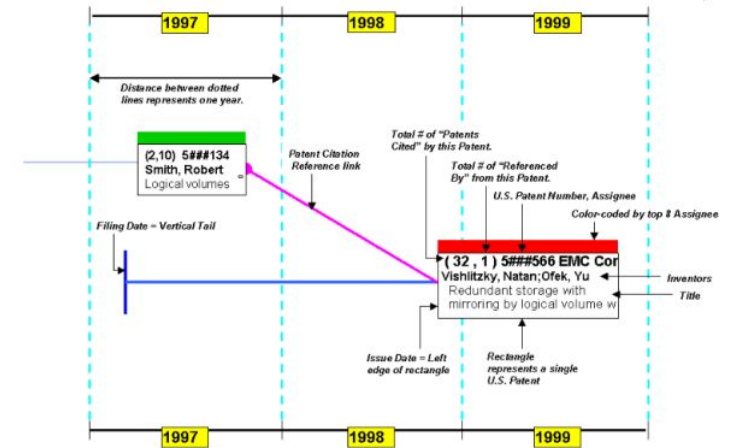
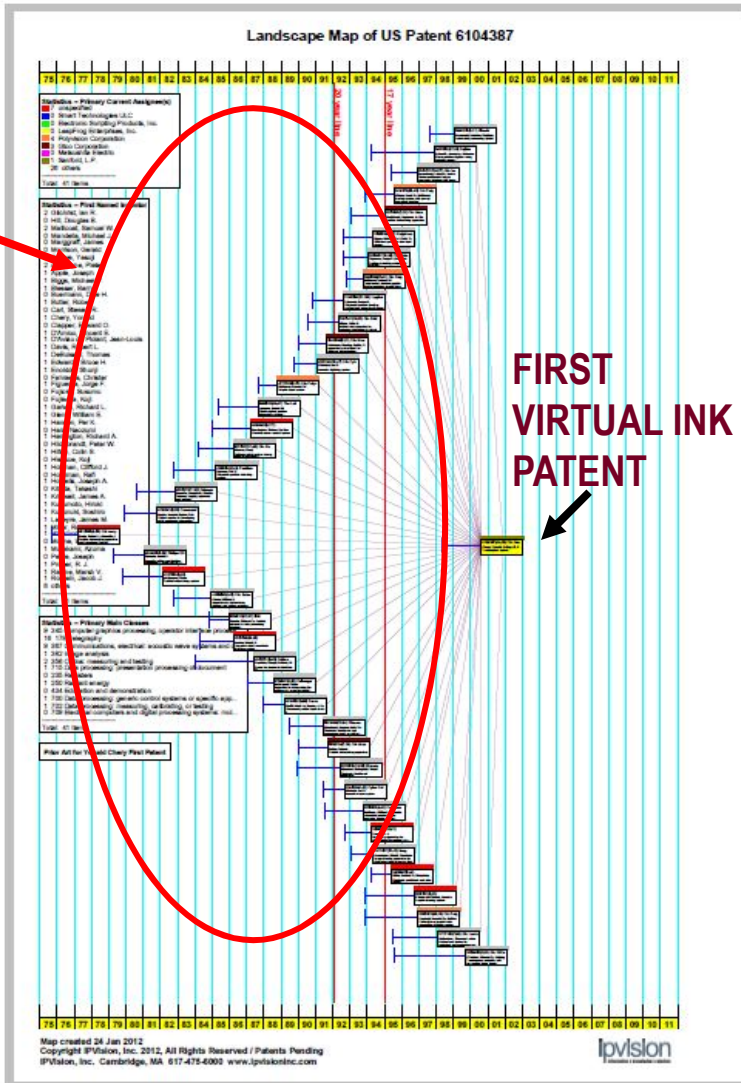


This Patent Could Save Your Life - The Car Airbag Chip Patent



The Blackberry Killer Patents

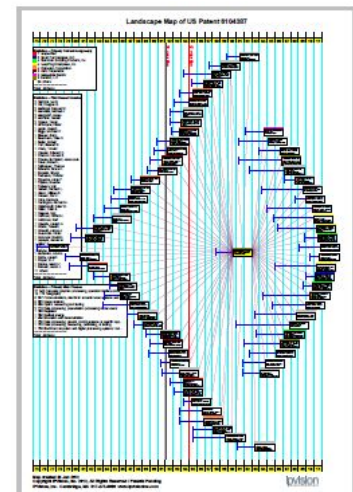
PRIOR ART PATENTS



Statistics -- Primary Current Assignee(s)

- 7 unspecified
- 0 Smart Technologies ULC
- 0 Electronic Scripting Products, Inc.
- 0 LeapFrog Enterprises, Inc.
- 4 Polyvision Corporation
- 3 Gtco Corporation
- 0 Matsushita Electric
- 1 Sanford, L.P.
- 26 others

Total: 41 Items



Obtaining a Patent

The Application Process breaks down into four main projects

- Determining What to Patent
- Determining When to File
- Preparing one or more Patent Applications
- Prosecuting the Applications



What to Patent

Determining What to Patent

- Probably the most important step
 - Do NOT ask “What can I get a patent on?”
 - Ask instead “What do I want a patent on?”
 - What is of commercial value to my company?
 - How would my competitors use my technology?
- Compare against the prior art



When to File?

Determining When to File

- Before you lose U.S. or Foreign rights
 - Before a public disclosure
 - Before an “on sale” bar
- “First Inventor To File” Wins under AIA (America Invents Act of 2011)
 - Formerly “First to Invent”
- In time to have a patent to protect your product or service



Provisional Patent Applications

- **Requires a meaningful description of the invention**
 - **Claims NOT required**
- **Establishes Filing Date Priority**
- **Protects invention for one year**
- **Fast and Cheap ~\$140 for small entity, \$70 micro (Oct 2018)**
- **Nothing happens at the PTO**
- **What you fail to disclose may not be protected**



What Is In A Patent?

A Patent Application is like a term paper – a set of figures and accompanying text

- Field of the Invention
- Background of the Invention
 - Describe the “prior art” – what is out there
 - List advantages vs. Existing - What is broken that you fix?
- Summary of the Invention
- Detailed Description
 - Give examples of use
 - Best Mode: What is the best way to implement your invention. This is the bargain: you get a limited time monopoly if you educate the world
- Claims
 - What exactly is your invention



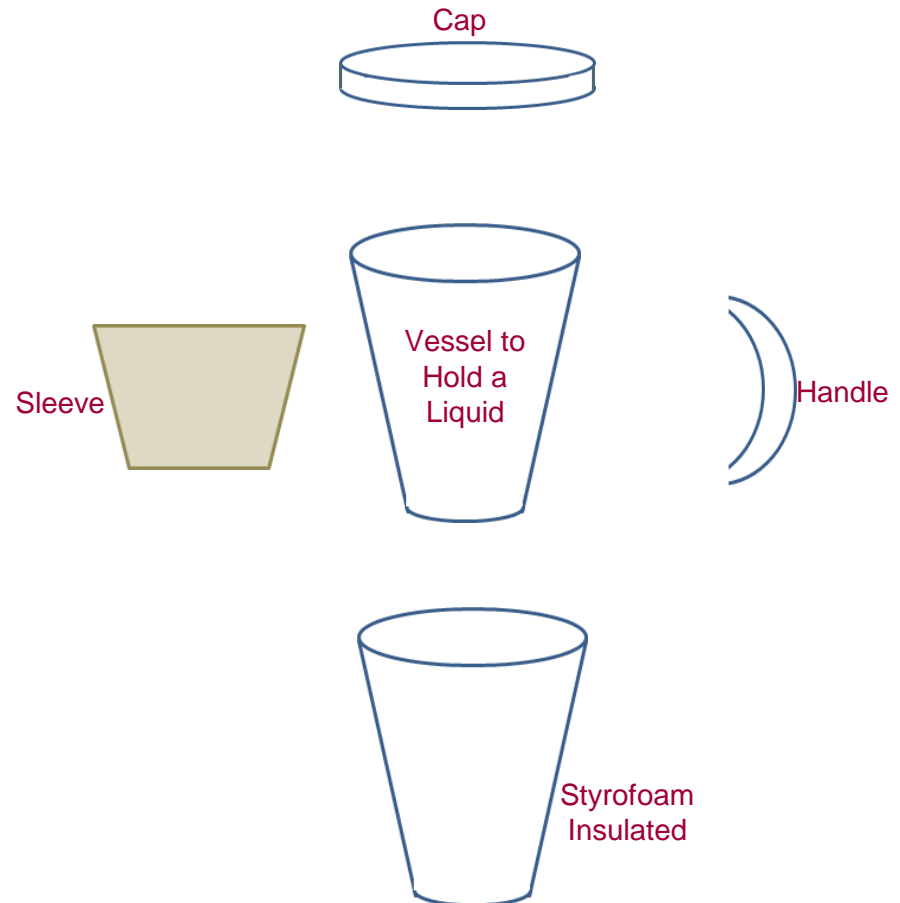
Patent Costs

- **U.S. Utility Patent Applications**
 - \$5,000 to \$15,000 for preparing the application
 - U.S. Filing fee is about \$300/ \$150/ \$75
 - Prosecution \$5,000 to \$15,000+
- **Foreign Patent Applications**
 - PCT filing fee is about \$2,500 to \$4,000
 - PCT demand is about \$1,000 to \$2,500
 - European Filing fee is about \$6,000 to \$8,000
 - Japanese Filing/Trans. fee is about \$7,000 to \$10,000
 - National Fees – it gets expensive. Government Accounting Office study: \$300k to \$500k in 10 countries over the life of the patent

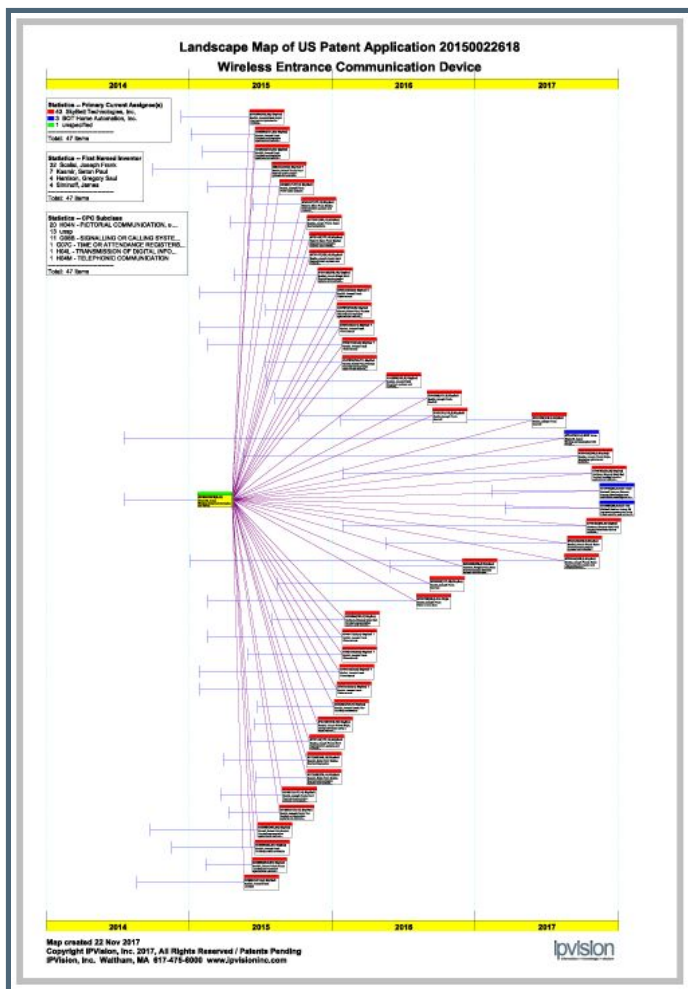


Disclosure as a Strategy

- Avoid being “Picket Fenced”
 - Picket Fence is a group of patents surrounding a patent with the purpose of “blocking” commercial implementation
- Example Patent Map on Next Slide



IPVision Landscape Map – Picket Fence



20150022618(0,46)
Siminoff, James
Wireless Entrance
Communication Device

- This is the main patent application from Ring
- The Red Top boxes are patents from SkyBell surrounding Ring

Click Map Image to view Live Map



Practical Advice - Checklist

- **Employees** - Invention Disclosure and Assignment Agreements
- **Consultants** – Consultant Agreement specifying “Work for Hire” and Ownership by You
- **NDA (Non-Disclosure Agreements)** with Third Parties where appropriate
- **Avoid Infringement**
 - Freedom to Operate
 - Understand Patent Landscape
- **Preserve Patent Rights**
 - Provisional Patent Applications (PPA)
 - Timely File Patent Applications
 - First Inventor to File
 - File Before Disclosing
 - Avoid Being “Picket Fenced” – Consider Disclosing Inventions



Streamline Attorney Interactions

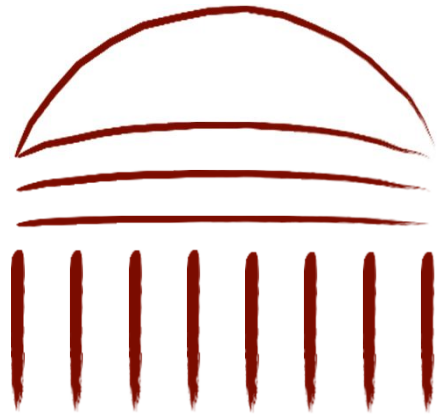
- You are purchasing legal expertise, typically by the hour
- A disciplined and focused approach will save you time and money and maximize the quality of your IP
 - Understand your business goals, and what role you want IP to play
 - Plan ahead and keep your attorney informed of upcoming disclosures
 - Provide invention disclosures to your attorney well before publication and in a format that is easy to understand and convert into an application
 - Have a clear agreement on fees/budget for a given project
 - Acquire a basic understanding of IP concepts to manage attorney interactions efficiently
- Leverage your technical expertise
 - Identify the most relevant players and references in your field
 - Explain the difference(s) between the prior art and your technology
- Read Joe Hadzima's "[Ten Commandments of How to Work Effectively with Lawyers](#)"



Summary

- **Value of Intellectual Property (“IP”)**
- **Types of IP**
- **IP Strategy**
- **Patent Basics**
- **Practical Advice Summary**





Great Dome Associates

www.great-dome.com

Thank You

Joe Hadzima

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