

[Next](#) [Previous](#) [Contents](#)

Acquiring & Defending Patents

1994 TEN article by Ron Riley, 810-655-8830, [Riley Associates](#), Grand Blanc, MI. Ron is a technical service provider with over 20 years' experience in industrial controls, with particular expertise in electrified monorail controls. He holds several fundamental patents in the latter field, and has been forced to fight continuing infringement battles with companies with much greater resources. The article summarizes some of what he's learned in acquiring and defending these patents.

Acquiring a patent should be approached like an engineering project. Documenting your idea is the first step in the patent process. It is necessary to thoroughly plan, to minimize both the costs and time required to get the patent. You must file your patent application within one year of first public disclosure or commercial application of the idea.

A person seeking a patent should be knowledgeable about both the technical and marketing issues in the market where the patent will be used. Many people end up with patents that are useless because they had a unique idea that wasn't cost-effective or truly useful. They didn't realize that their idea wasn't worthwhile because they didn't understand the market. A person who doesn't thoroughly understand their market could get a patent on something that is already in use. The idea would be considered prior art, and their patent would not be valid. A patent search will not always show prior art.

If you don't have the necessary market background, you should consider hiring someone that is knowledgeable in that market. Make sure you have them sign a contract that protects your idea from theft and forbids them from disclosing the information to other parties

A clear write-up of the idea and neat detailed sketches will help your attorney get the proper information to do a patent search. The search is the second step to determining if your idea has merit. The search will take 1-3 months and cost less than \$1000.

It is difficult to come up with ideas that are broad in scope in areas that have well established technologies. The most valuable patents cover a process's basic idea. Patents that are improvements are generally not as valuable. A patent on a specific circuit will have little value if it is easy to design around that circuit and there is little cost or performance penalty associated with the alternative circuit.

If you are involved in an area that is ripe for development, consider all the other methods that could be used to solve the problem. It is important to build a fence around your main idea, locking up as many of the possible

solutions as possible. This is necessary because a competitor could use a solution that you consider inferior. If his marketing is better than yours, you could still lose the market. A good example of this is the VHS video tape standard winning the market over BETA.

Carefully study the results of the patent search to determine if your idea is unique before proceeding to the third stage, which is filing for the actual patent. Your attorney will work with you to draft the actual patent application. Expect this to take 3-6 months and to cost between \$5,000 and \$10,000.

Once the patent application is filed, expect to wait 1-3 years to receive the patent. If anyone infringes on your idea during this time, you should notify them that you have filed for the patent but you can not sue until the patent is granted. The infringer is liable for damages from the time you filed. This is the most frustrating part of the patent process.

You can manufacture and market your idea yourself while the patent is pending. Most companies will not license a patent until it is granted. If you chose not to manufacture and market the idea yourself, then you must wait until the patent office grants the patent.

There are four basic marketing strategies: 1) Manufacture and market the product exclusively yourself. 2) Grant an exclusive license to one party. 3) Sell the patent outright. 4) Grant non-exclusive licenses to any party.

If your patent gives you a lock on a large market, the first two will simply encourage other companies to infringe and/or attempt to invalidate your patent. Outright sale removes the burden of defending the patent but could result in dramatically less income for you if the patent is very successful. Non-exclusive licenses remove much of the market pressure to get around the patent, and ensures that you are compensated proportionate to the success of the patent's idea. In most such cases, a non-exclusive license is the best method of marketing your idea.

Many people who get a patent expect money to start flowing without any additional effort. It doesn't work that way. Getting a patent is only half the job. Now you must market your idea. Marketing takes as much effort as getting the patent. You must identify companies that could have an interest in your idea, and you must identify the proper person to approach within each organization. Sending a blind letter is usually wasted effort.

There are many ways to deal with infringers. An infringement suit should be the last step. The first step is to notify the infringer by registered mail. Your notice should be polite, friendly, and firm. Seek a meeting with upper management and try to iron out the problem in direct negotiations. Allow a month from the time they receive the notice for them to respond.

If they haven't acknowledged your initial contact, call the president or CEO of the company and request a meeting. It is best to remain calm and allow

your opponent to slowly come to terms with the fact that you are not going to tolerate theft of your intellectual property.

Companies have a personality, the same as individuals. Some are basically honest, while others are as slippery as a used-car salesman. There is a tendency for management to attract other people with the same values or lack of values. No one likes to admit they are wrong. The same applies to businesses. The honest companies will try to settle -- but it may take several meetings to convince them.

Companies that intentionally infringe on patents usually have other problems with the way they apply technology. They often cut corners in their engineering. It is possible to exploit a situation where they have product liability exposure due to poor engineering.

You are an expert in the technology. Your patent(s) are evidence of that expertise. You can sell your expertise to other parties who have been damaged or who may be damaged. This will generate cash flow and present the infringer with serious customer relations problems.

Knowledge of the marketplace is a valuable tool. If you know who the infringer is bidding jobs for, you can contact those people and inform them that you may seek an injunction to stop the infringement. Most manufacturers will not hire a company who may not be able to deliver on time. This is especially true of manufacturers that must complete a changeover on a tight schedule.

Many management people are not aware of changes in patent law that allow triple damages. A company is legally responsible for knowing about current patents. Ignorance is not an acceptable excuse. They can be forced to pay triple damages and your attorney fees.

Juries tend to take a dim view of companies stealing from individual inventors. They are especially sympathetic when the company is large or foreign-owned. If polite persuasion doesn't work, then you must play hardball.

Gather as much information on an infringing company as possible. Contact past employees. Companies that steal intellectual property usually shaft employees, and an ex-employee that has not been treated well can be a goldmine of information that will make your infringement case easier to pursue.

Current employees often will help you if you ensure that their employer will not know of their involvement. It is very important that you protect them as a source. Failure to protect them is morally and ethically wrong and will result in a valuable source of information drying up.

A patent requires a long-term commitment. Be ready to invest years and thousands of man-hours to successfully bring your idea to market. Don't get

discouraged. All worthwhile things in life require perseverance.

[Next](#) [Previous](#) [Contents](#)