MISTAKES INVENTORS MAKE WHEN DEALING WITH PATENT LAWYERS

August 31, 2016

As an inventor with well over 150 issued U.S. Patents and a Harvard Law degree, I have a unique perspective on the inventor/lawyer relationship. I understand the frustration that patent lawyers feel when the inventor doesn't understand that patent lawyers aren't magicians, patent law is in flux, and that fees should be paid even for a patent application that doesn't end up getting a patent issued. I understand the frustration that inventors feel when their patent lawyer doesn't seem to understand the business reasons for the invention, the role the patent application plays in the inventor's business, and the cash flow issues that face start-up companies (and, increasingly, internal budget limitations for patent activities even at large companies).

This post explores the inventor side of some of the more common mistakes and misunderstandings that impair the inventor/lawyer relationship.

1. Patent lawyers are not magicians:

The most common mistake inventors make is thinking that handing an invention and a big check to a lawyer will magically make a patent issue. Bad patent lawyers will get you a patent nearly every time. Good patent lawyers will tell you when you are throwing your money away. I know this sounds counterintuitive, but as described in more detail in mistake 5 ("The name of the game is the claim"), getting a patent that covers only a tiny, valueless corner of your invention is a great way to incur costs without any corresponding benefit.

Here are some things that inventors should understand (and that good lawyers will explain):

a. Your invention must be patent-eligible (see point 2 below). Some fantastic inventions (like a finding a new antibiotic in a soil sample) are simply no longer patentable; others fall into the vast grey area of patent-questionable subject matter. Your patent lawyer may call this "101" (after the code section) or "Alice" (after one of the cases interpreting 101).

b. Your invention must be novel, meaning that nobody has done it before even if doing it for the reason you are doing it is not obvious. A refusal to issue a patent on this basis is called a 102 rejection, and "is established only when a single … reference discloses … each and every element of a claimed invention." (RCA Corp. v. Applied Digital Systems, Inc., 221 USPQ 385, 388 (Fed. Cir. 1984). For example, erectile dysfunction drugs were

initially developed with blood pressure control as a goal. If a patent for one of those drugs never mentioned erectile dysfunction, it would nevertheless prevent a later inventor who independently developed the same drug for erectile dysfunction from getting a patent.

c. Your invention must not be obvious. This means that a patent can be rejected if it combines known things in a way that people of ordinary skill in the area of your invention would do. A refusal to issue a patent on this basis is called a 103 rejection.

There are other patentability requirements, but a failure to meet all three criteria will prevent you from getting a patent. A good patent lawyer can amend the claims or argue against the reasons for rejection, but sometimes the only way to get a patent allowed is to modify the claims so significantly that they no longer hold commercial value. A bad patent lawyer can also amend the claims or argue against the reasons for rejection, but is willing to destroy the commercial value of the patent claims in order to do so.

Bad patent lawyers view their job as getting to where they can call you and say "your patent application has been allowed". Good patent lawyers view their job as bringing net financial benefit to the inventor, and that sometimes means calling the client and saying "it is very unlikely we can get claims issued that are worth what they will cost to obtain."

2. Patent law is in flux:

Over the past ten years, patent law has undergone massive changes. These changes left a lot of patent law as a grey area. The two big changes are:

(a) The America Invents Act created several new administrative procedures to challenge the validity of a patent. The standard for validity in these procedures is different from the standard that courts use, and this different standard makes these administrative procedures much more likely than a court would be to invalidate a patent. While a recent Supreme Court case has affirmed that the differing standards of review are correct, the patent community is still working through the implications. For example, some judges will stay a case pending resolution of one of these administrative procedures; others will not. Some patentees have adopted the (costly) strategy of keeping an "open continuation" on file in case they are not allowed to amend their claims during these procedures. A cottage industry has grown up around these procedures, including companies with the primary mission of filing patent challenges and investors who short stock of patentees and then file challenges.

The end result is that U.S. patents are harder to enforce than ever before, and even a patent not being asserted can be challenged in a very costly administrative proceeding. This makes getting patent prosecution right, and structuring the claims correctly, is more difficult and more important than before.

(b) Subject matter eligibility is enormously underdefined. The Supreme Court has taken several cracks at clarifying patent eligibility over the first half of this decade (for example, 2010's Bilski case, the 2012 Mayo case, the 2013 Myriad Genetics case, the 2014 Alice Corp. case), but as Judge Linn of the Federal Circuit observed (in a concurrence), the law is now murky enough that even a "truly meritorious" invention that had "never been done before" and that "effectuated a practical result not previously attained" can, and sometimes must, be defined as patent-ineligible. Judge Linn concludes by noting that "[b]ut for the sweeping language in the Supreme Court's Mayo opinion, I see no reason, in policy or statute, why this breakthrough invention should be deemed patent ineligible."

I have personally had numerous conversations with patent examiners who have unanimously (if off the record) complained that the judicial and patent office guidance is so poor that they often are left to guess as to what courts would consider patentable subject matter.

If you do not discuss with your lawyer the implications of the current state of patent enforceability and patent eligibility, you are setting yourself up for enormous unexpected costs and disappointing results. There are strategies that can be employed to deal with these issues, but they need to be deliberately pursued.

3. Costs and fees need to be treated differently:

Patent lawyers are often flexible about how quickly they are paid. While this is an issue that should be discussed in advance, it is not uncommon for startups to experience big fluctuations in cash flow and to be slow in paying down legal bills. However, the legal bills really contain two elements: Fees and costs. Fees represent time spent by the attorneys, and attorneys may be willing to defer some of those. Costs are actual dollars paid by the attorneys to the Patent Office on behalf of the client, and a failure to timely reimburse those costs is very frustrating and troubling to the attorneys.

4. Pushing your lawyer to get a patent issued can backfire:

You came up with a great invention. You spent a lot of time writing it up. You paid your

lawyer a lot of money. It is tempting to pressure your lawyer to get a patent issued. As described in section 5 below, not all patents are created equal.

By way of example, imagine that you invent a way to store more data on a magnetic drive by storing the data in trinary mode (off, weak, strong magnetic storage) instead of the normal binary mode (off, on). The patent examiner responds to your filing with prior art showing exactly what your invention does. Your patent application probably contained a few commercially impractical variants. For example, while most hard drive surfaces use a cobalt-based alloy, imagine that you also disclosed using a gold platter covered with an alloy. The gold platter is heavier and far more expensive, so there is no commercial value. However, if you push your patent lawyer hard enough, they may amend the patent claims to require that the trinary storage be implemented on a cobalt-covered gold platter.

Instead of abandoning the application (or finding commercially valuable variants in the application), the lawyer under pressure to get something — anything — issued is likely to spend the money on the office action response, and have you spend the money on an issue fee (and probably a continuation application) when the costs of doing so far outweigh the likely benefits.

I recommend approaching your patent lawyer (and even the patent examiner, during an interview) with the goal of getting a commercially valuable and strong patent issued. It is better to tell your lawyer (and the patent examiner) that you would rather have no patent than one that is probably invalid and/or probably valueless.

5. <u>The name of the game is the claim (and winning the game requires your active participation):</u>

While the body of the patent is becoming increasingly important, Giles Rich's (former Chief Judge of the Federal Circuit) observation that "the name of the game is the claim" is still a powerful one.

A lot of the hullabaloo over "overbroad" patents can be traced to a fundamental misunderstanding about the difference between what the patent describes and what it claims. The claim describes the legal property right that the patent grants. It is literally impossible to infringe a patent without infringing a claim of the patent. The claims are the only part of the patent that may be legally enforced.

It is very common for a patent application filed just after invention to claim things that are either unpatentable or commercially not viable. The important thing to remember is that your patent lawyer is not an expert in your invention and is not running your business. Despite this, many inventors count on the patent lawyer to manage what should be claimed, how the claims should be amended, and when a continuing patent application should be filed to claim additional matter.

This is the single most important place where your input is needed. Ask yourself "if I get the claims issued the way they are written, is my business protected?" If the answer is no, you need to get your lawyer on the phone and help them draft claims that do protect your business.

6. You must do examiner interviews:

As part of the patent application process, you are allowed to ask the patent examiner for an interview. You should do this as frequently as possible. If it is just your lawyer, the examiner, and papers, it is very easy for the examiner to respond in a mechanical way. By contrast, an interview lets the examiner ask questions, better understand the invention, and work cooperatively to find patentable subject matter. As with all human interactions, an interpersonal interaction has the added benefit of making the patent application something that matters to a specific, known person and more than simply an abstract exercise.

7. Your lawyer can influence the validity of your patent, even a decade after issuance:

It is important to maintain a good relationship with all of the named inventors and all of the lawyers who have worked on a patent application. One common defense to patent infringement is "inequitable conduct", an allegation that materials relevant to patentability were intentionally withheld from the patent examiner. If such an allegation is made, your relationship with your lawyer may suddenly become very relevant.

8. An issued patent is the start of the journey, not the end:

When my first issued patent arrived, I was not sure what to do next. I had focused for so long on getting the patent issued that I treated it as if the issued patent would arrive with a check in the envelope. It does not. Having received more than 150 patents since then, I have a much better idea. However, the one thing that remains true is that

a patent does not magically create money.

You can use a patent to maintain a competitive advantage, you can license a patent, you can sell a patent, you can use it in a cross-licensing way to settle patent litigation — in short, there are a lot of things that are possible when the issued patent arrives. However, none of them are self-executing. You will need a plan to get from issued patent to financial return.

Lawyers and IP consultants can help you figure out what the next step is.

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