

PATENTQUARTERS™

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“To Promote the Progress of Science and Useful Arts...”

Written in 1787, the United States Constitution is the world's longest-surviving written charter of government. Its words affirm that the government of the U.S. exists to serve its citizens. The U.S. Constitution, in Article I, created intellectual-property (IP) rights that exist today: “Congress shall have 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.”

What is “science”? What are “useful arts”? These are very important questions today, because inventions are becoming much more complicated. Historically, patents often described new devices that could be physically constructed and submitted to the Patent Office for examination. But in today's world, a great deal of innovation is happening in the “virtual arts”—computer methods, business methods, and the like. Even when such patents are new, they are sometimes invalidated for a different reason: *ineligible subject matter* (the invention doesn't qualify for patent protection). For more on this controversial subject, read “A Potential Crash of Google's Patents” on page 2.

For any invention to truly promote progress in society, the inventor or owner must obtain a critical element for commercial success: *adequate funding*. On this topic, see the next two articles on Venture Capital funding (page 1) and an interesting sort of government funding (page 2).

We sincerely hope this newsletter provides readers with “news you can use” in your own pursuits of technology and business, so that you just might promote progress of science and useful arts! **PQ**

Attention Entrepreneurs: Get Funded

TheFunded.com is a community of founders, CEOs, and business executives from around the world. TheFunded.com allows entrepreneurs to research, rate, and review funding sources worldwide. In addition, TheFunded.com allows entrepreneurs to view and share term sheets, to assist each other to locate good investors, and to discuss the many facets of operating a business. The site is free for current founders and CEOs.

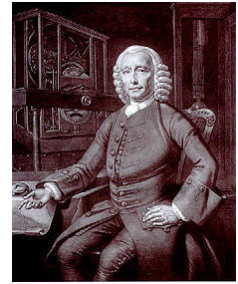


TheFunded.com provides information and guidance to other entrepreneurs looking to raise critical growth capital. The site currently lists over 3,700 funds with contact information for over 17,000 investment professionals. The site is an advocate of anonymity, allowing members to post their honest feedback without concern for a stigma by venture capitalists (VCs). TheFunded.com lets entrepreneurs rate venture firms according to five different criteria: (i) track record, (ii) operating competence, (iii) pitching efficiency, (iv) favorable deal terms, and (v) execution assistance.

Some of the really interesting discussion threads on TheFunded.com have been those related to intellectual property. It is amazing how carelessly some venture capitalists view IP. For example, many VCs will not sign non-disclosure agreements (NDAs) to protect your confidential information. Or, even if they sign NDAs, they may not pay much attention to them, and freely share your business plans or proprietary data to other investors or even to your competitors. Also, it is very useful to read about how different VCs anecdotally approach patent portfolios, IP strategies, freedom-to-operate opinions, and other types of IP due diligence. Our advice: Do your IP homework not just for prospective investors, but for yourselves. **PQ**

\$300 Million Prize for Battery-Power Invention

Speaking of funding, monetary prizes are sometimes offered by governments as a mechanism for driving innovation, as an alternative to patent rights. In 1714, for instance, the British Parliament offered £20,000 (equivalent to about \$12 million in today's U.S. dollars) for a solution to the "longitude problem"—to determine the current East-West position of a ship at sea. John Harrison solved that problem by inventing the marine chronometer, an accurate mechanical clock set to Greenwich Mean Time (GMT). Longitude was calculated as the difference between the ship's local time (as measured by the sun) and GMT. Harrison's invention greatly enhanced the safety of long-distance sea travel, but he was required to "surrender the innovation for public use" and could not obtain monopoly rights (patents) on his invention.



John Harrison

In today's society, one of our biggest concerns is not our location, but rather, paying for transportation *between* different locations—i.e., the high cost of energy. U.S. Presidential Republican nominee John McCain recently proposed a \$300 million prize "for the development of a battery package that has the size, capacity, cost and power to leap frog the commercially available plug-in hybrids or electric cars" in an economically viable way. The prize would be open to any company worldwide, as long as the company planned to sell in the U.S. Presumably, the winner could also pursue patent rights on the invention. **PQ**

A Potential Crash of Google's Patents*

In a series of recent cases, the Patent Office has argued in favor of imposing new restrictions on the scope of patentable subject matter set forth by Congress in §101 of the Patent Act. In the most recent of these three—the currently pending *Bilski* appeal—the USPTO takes the position that process inventions generally are unpatentable unless they "result in a physical transformation of an article" or are "tied to a particular machine."

This development should capture the attention of the many inventors and firms owning, or seeking to own, patents on innovative computer-implemented processes. The USPTO's new interpretation of patentable subject matter provides a clear avenue to reject patent applications and to invalidate issued patents on such innovations without regard to how meritorious or creative the innovation is. To understand the sweeping implications of this new position, we need only to consider how the position applies to the patent on Google's PageRank technology, which is surely one of the most famous and valuable of all modern software patents (U.S. Pat. No. 6,285,999, issued in 2001).

How might Google's patent fare under the position advanced by the government? Simply put, there's no "physical," no "transformation," and no "article." Indeed, Google's process is even less physical than the process at issue in *Bilski*, which involved hedging the volatility in money flows. If processes affecting money do not produce a physical transformation, it is difficult to imagine a process would qualify where it scores virtual documents by virtual links to other virtual documents.

The apparent death of Google's pioneering PageRank patent under the USPTO's new rule for patentable subject matter is likely to generate puzzlement among businesses and innovators, who may wonder how agency decisions supposedly premised on the need for ensuring "that the patent system be directed to protecting technological innovations" have ended up rendering unpatentable innovations in search-engine technology, computer modeling, and bioinformatics. Vast industries of modern innovation must now wait to see whether the courts will follow the agency's lead. **PQ**

* *Source*: John F. Duffy, George Washington University Law School, white paper titled "The Death of Google's Patents?" posted at www.patentlyo.com; July 2008.

You Can Examine the Examiners!

Patent examiners are government employees who help determine technological and economical future growth. A simple word such as "allowed" or "rejected" from a patent examiner could grow or financially burden an organization or individual. Accordingly, it is extremely important for the USPTO to have well-trained patent examiners.



USPTOExaminers.com is a new web site designed for professionals to anonymously review, rank, and learn about a U.S. patent examiner who works at the United States Patent and Trademark Office (USPTO). Members of professional organizations, corporations, and inventors may anonymously pool their experiences and opinions about a patent examiner, including their knowledge of the law and technology, as well as their accessibility. The site is not affiliated with any government agency.

Anyone who utilizes USPTOExaminers.com may factor in the opinions of patent practitioners when determining the competency and responsiveness of a particular examiner. As such, these anonymous opinions could be valuable when planning and strategizing the prosecution of a patent, which can result in saving clients and inventors a substantial amount of time and money during the course of prosecuting a patent.

If you are in the middle of patent prosecution (e.g., you just received an Office Action that rejects your claims), contact us today. We can help you utilize Internet databases such as USPTOExaminers.com to enhance your likelihood of patent success! **PQ**

Patent Proficiencies by U.S. Patent Classification



A U.S. Patent Classification is a code which provides a method for categorizing an invention. Classifications are typically expressed as, for example, "482/1." The first number, 482, represents the class of invention. The number following the slash is the subclass of invention within the class. There are about 450 classes of invention and about 150,000 subclasses of invention in the United States Patent Classification (USPC) system. Classes and subclasses have titles which provide a short description of the class or subclass. Many classes and subclasses have explicitly defined relationships to one another.

The U.S. Patent Classification is at www.uspto.gov/go/classification/selectnumwithtitle.htm.

Practically speaking, the USPC represents a searchable collection of patents grouped together according to similarly claimed subject matter. Classification is used both as a tool for finding patents (e.g., patentability searches), and for assisting in the assignment of patent applications to USPTO examiners for examination purposes.

Additionally, patent classification can assist inventors and companies in locating a suitable patent practitioner for representation before the USPTO. We have assembled a list comprising codes that identify subject matter for which we can competently assist clients in patent drafting, prosecution, and competitive analysis. This list can be downloaded from our web site at the following link: www.oconnorcompanypllc.com/documents/OConnorPatentProficiencies.pdf. Also, an overview of all our services can be found at www.oconnorcompanypllc.com/servicespractices.htm. **PQ**

Happy Centennial Birthday to AIChE!

There really isn't a single facet of modern life that chemical engineers haven't touched. The American Institute of Chemical Engineers (AIChE) is the world's leading organization for chemical-engineering professionals, with more than 40,000 members from 93 countries. This year, AIChE is celebrating the centennial of its founding in 1908.

This year, the AIChE Annual Meeting in Philadelphia (November 16–21) will feature special sessions that highlight chemical-engineering innovations over the past 100 years, as well as a look into the future. It will also include topical conferences focused on the latest developments in hot areas such as energy, sustainability, pharmaceuticals, bioengineering, nanotechnology, sensors, systems biology, fuel cells, nuclear fusion, water-treatment technology, and other topics.

The two partners of O'Connor & Company have, collectively, four degrees in chemical engineering and over 20 years of engineering and R&D experience in the chemicals, materials, energy, biotech, and related industries. This broad foundation of chemical engineering has reinforced our intellectual-property pursuits on behalf of our clients, and we look forward to maintaining our affiliation with AIChE for many years to come.

Happy 100th Birthday, AIChE! PQ

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