

PATENTQUARTERS™

The Newsletter of O'CONNOR & COMPANY • First Quarter, 2009

Looking Ahead

O'Connor & Company is already entering its fourth year of operations! Reflecting on our first three years, we have many of you to thank for your strong support. Looking ahead, 2009 promises to be another exciting and busy year. We remain dedicated to serving, and adding value to, existing and new clients in a range of industries, technologies, and locations. Current engagements include patent drafting and prosecution, analysis/strategy work, IP management, due diligence, and expert witness. We continue to find our niche somewhere between traditional law and consulting firms, emphasizing the critical integration of economic, technical, and legal issues.

Despite the challenging economic environment—or perhaps because of it—there is no better time to be thinking hard about your IP portfolio. What are your plans to create new IP? How will you execute those plans? Read on for ideas about reducing your IP costs, some strategic considerations on patents and trade secrets, and recent information out of the Patent Office. Happy New Year! **PQ**

Slash IP Costs This Year!

2008 was clearly a brutal year for the global economy. This year, cost-cutting is rampant as companies, large and small, seek to cut costs out of their business.



Smart use of every dollar should extend to technology pursuits and the protection of intellectual property. Here are several ideas to reduce your spending on IP matters:

- Try to understand the economic value a given piece of IP would have to your business. If you cannot at least qualitatively describe the value, don't spend a lot of money to protect the IP.
- When working with a patent practitioner, come armed with a good description of the invention, any art searches you have done, data, drawings, etc. The more you can provide the better.
- You can even try to write a first draft of a patent application to be fine-tuned by a professional. Or, you can write the specification and hire a patent practitioner to draft the patent claims.
- Avoid hiring big law firms located on the coasts. These firms tend to charge the highest fees (often \$500/hr or more) for patent drafting and prosecution.
- Delay patent-prosecution expenses by utilizing provisional patents for U.S. cases and PCT applications for international cases. Select wisely which applications to further prosecute.
- The actual work leading to a patent application need not require a lot of cash. File your provisional patents ahead of testing, and use the "patent-pending" status to generate interest and funding.
- Don't pay subscription fees for patent-related data. You can search and download patent publications (full PDF files) for free at a variety of web sites, such as www.google.com/patents.
- Consider your overall financial picture. **Profit = Revenue - Costs**, so more revenue means less time trying to cut your spending!

Contact us anytime to discuss how to most cost-effectively protect your intellectual property. **PQ**

The Trade-Secret Value of Early Patent Filing¹

Patent laws promote early filing of patent applications. Most directly, by filing patent-application documents early, an applicant can avoid prior art of others that can negate patentability. Early filing also provides a presumptive date of invention that may be important evidence for the applicant. Some doctrines push against early filing. Notably, earlier-filed applications may be more likely to have inadequate disclosure. A rushed disclosure could result in the patent application being rejected under the utility, written description, or enablement requirements of the Patent Act. Alternatively, if the application is filed prior to gaining an understanding of the eventual market, an applicant may have insufficient disclosure to support the most-valuable claims potential.

Going unrecognized is a potential strategic benefit of early filing—the ability to keep secret any later-developed embodiments, data, optimization parameters, and so on. That information can then be protected as trade secrets, while the primary invention remains patent-protected.

At the time of filing, the applicant must provide a complete description including the “best mode” contemplated by the inventor. However, many if not most patent applications are filed before the associated product or method is ready for public consumption—before the inventor knows the most commercially viable mode. Post-application developments could take any number of forms, such as particularly operative formulations, ideal manufacturing parameters, software code that implements a novel algorithm, a more-durable circuit arrangement, etc. Commonly, these tweaks and advances may take the form of a specific species of a claimed genus. Of course, these later-stage developments could be incredibly important to anyone wanting to practice the invention.

Even though product development typically continues after the patent application is filed, the law allows the patent applicant to legitimately keep any later-developed information as trade secret. In fact, applicants are not even allowed to add “new matter” (e.g., new preferred embodiments) to a patent application during prosecution. The applicant has no duty to otherwise inform the Patent Office or the public of ongoing development.

Finally, we note that it can indeed be beneficial to pursue patent protection for improvements. But an important point here is that once a primary invention is patented (or patent-pending), you may have more flexibility in deciding to patent those improvements or keep them as trade secrets. **PQ**

¹ Adapted from Dennis Crouch, Patent Law Blog (Patently-O), 2008.

USPTO’s 2008 Performance Levels Highest in Agency’s History

The U.S. Department of Commerce’s United States Patent and Trademark Office (USPTO) released fiscal year-end numbers that demonstrate the agency’s commitment to sustaining high performance in the quality and timely examination of patent and trademark applications. For the first time the USPTO met 100 percent of its Government Performance and Results Act (GPRA) goals. The results are contained in the USPTO’s FY 2008 Performance and Accountability Report, which was released to the public.

“Our exceptional performance reflects the hard work and dedication of the USPTO management team and most importantly, the more than 9,500 bright, quality-focused and results-driven USPTO employees,” said Under Secretary of Commerce for Intellectual Property and Director of the USPTO Jon Dudas. “Their perseverance in sustaining high performance for the USPTO will carry the agency into the future and continue to help strengthen the IP system for years to come.”

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Patents—Optimizing Patent Quality and Timeliness

In FY 2008, USPTO met and, in some cases, exceeded its patent pendency, production, and quality targets. Patents maintained a high level of patent quality by achieving an allowance compliance rate of 96.3 percent, exceeding its goal.

- Patents [division] increased production by an additional 14 percent over FY 2007 by examining 448,003 applications—the highest number in history. Production has increased by 38.6 percent over the past four years, compared to a 21.3 percent increase in application filings during the same period.
- Patents received a record number of utility patent applications filed electronically (332,617), and achieved a record rate (72.1 percent) of applications filed electronically as well.
- Patents achieved an average first-action pendency of 25.6 months and an average total pendency of 32.2 months.
- Patents received 1,765 patent application filings through the Accelerated Examination Program, 173 percent more than in the program's introductory year of FY 2007. A 12-month or less pendency rate was also maintained for every application, with an average time to final action or allowance of 186 days.

Trademarks—Optimizing Trademark Quality and Timeliness

For the third year in a row, USPTO met or exceeded all of its performance goals for trademarks.

- Trademarks [division] ended its year with first-action pendency at three months. Trademarks has maintained its first-action pendency within the 2.5 to 3.5 month range for more than 18 months, a historic first. Disposal pendency was also maintained at record low levels, ending the year with 11.8 months pendency for cases without *inter partes* or suspended cases and at 13.9 months for all disposals. This disposal pendency is the lowest in 20 years.
- The year saw a record number of applications filed electronically—approximately 268,000 applications comprising 390,000 classes. This represented a record rate of filing; 96.9 percent of all applications were filed electronically.
- Quality remained high throughout the year with a first-action compliance rate of 95.8 percent and a final-action compliance rate of 97.2 percent. Both measures exceeded performance expectations.

Improving IP Protection and Enforcement

- The USPTO worked closely in FY 2008 with its international counterpart offices. The Agency hosted the follow-up to the 2007 Heads of Office meeting for the five largest IP offices (Europe, Japan, Korea, China, and the United States) to discuss further cooperative initiatives to meet the growing patent application filing demands and improve patent quality.
- The USPTO's Global Intellectual Property Academy trained more than 4,100 foreign officials on best practices for strengthening IP rights and enforcement in their nations.



Achieving Organizational Excellence

The USPTO continues to be recognized as the leader in federal government telework initiatives through its award-winning programs. At the end of FY 2008, 54 percent of USPTO's employees were eligible to participate in one of 20 different telework programs across the agency. Among those employees who were eligible to telework, nearly 83 percent chose to do so. **PQ**

INNOVATION WEEK 2009

INNOVATION WEEK 2009 is a weeklong celebration of the vital role patents and the USPTO play in our economy and for the advancement of science and technology. The USPTO's goal in hosting INNOVATION WEEK 2009 is to engage employees, stakeholders, and the general public through educational forums, general presentations, and exhibits.

Innovation Week will be held at the USPTO headquarters in Alexandria, Virginia June 22–27, 2009. The week-long event will include technology-specific presentations for patent examiners, lunch-time programs open to the public and employees, exhibits on display throughout the week, and a two-day conference for independent inventors.

More information can be found at www.uspto.gov/main/homepagenews/innov2009jan21.html. **PQ**



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