

Patent Portfolio Development Strategies For Attracting Investors

David M. Carter, Esq.
George Likourezos, Esq.

Carter, DeLuca, Farrell & Schmidt, LLP

David M. Carter

Carter DeLuca Farrell & Schmidt, LLP

- United States Military Academy;
New York Institute of Technology
B.S. Physics *cum laude*
- St. John's University J.D.
- Experienced in all phases of patent, trademark and copyright prosecution and litigation, licensing and trade secret matters. Technology areas include mechanical arts (with emphasis on medical and surgical devices) and electrical arts.



George Likourezos

Carter DeLuca Farrell & Schmidt, LLP

- Polytechnic University B.S. Electrical Engineering; M.S. Operations Management
- The Jacob D. Fuchsberg Law Center of Touro College J.D.
- Technology areas include digital electronics including computer architecture, communication systems, speech and pattern recognition, video compression, electrical circuits, acoustics, MEMS, optical scanning and imaging, business methods, electromechanical arts.



Overview

- Safeguarding Technology From the Outset
- Portfolio Development Strategies
- Technology Risk

Safeguarding Technology From the Outset

- Whoever invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title. (35 U.S.C. §101)

Safeguarding Technology From the Outset

- What is required for a claimed invention to be patentable?
 - Novel
 - Useful
 - Non-Obvious
 - Subject Matter
 - Machines, Processes/Methods, Compositions of Matter

Safeguarding Technology From the Outset

Basic Strategies:

- Be Aware of Statutory Bars
 - Publishing, Offering To Sell
- Keep Records of Inventions/Ideas
 - “First to Invent” vs. “First to File”
- Timing Considerations for Filing
 - Provisional vs. Non-Provisional Patent Applications

Safeguarding Technology From the Outset

Loss of Patent Rights

- Public Disclosure
- Use, sale or offer for sale of invention before filing patent application terminates patent rights in most countries
- File patent application before disclosure, use, sale or offer for sale of invention to avoid loss of patent rights

Safeguarding Technology From the Outset

Preventing Competitors From Patenting Your Ideas:

- Publishing Unpatentable Ideas
 - Defensive Patents
- SIRS – “Statutory Invention Registration”
 - Prior art but not a patent
- Guarding Trade Secrets
 - Non-Publication of Pending Patent Applications
 - Non-Disclosure Agreements

Portfolio Development Strategies

Overview

- The Value of a Well-Developed Patent Strategy
- Know Your Competitors
- Protecting Core Technologies
- Global Strategy
- Layers of Protection
- Ownership of Rights
- Licenses and Agreements
- Third-Party Rights

Portfolio Development Strategies

The Value of a Well-Developed Patent Strategy

- Protecting the company's products
- Providing a basis to negotiate with competitors
- Giving confidence to investors
- Protecting market share

Portfolio Development Strategies

Know Your Competitors

- Count on having to deal with the IP assets of your competitors
- How does your portfolio further your investments?

Portfolio Development Strategies

Protecting Core Technologies

- Patentability Searching
- Breadth of Protection
 - Scope of Claims

Portfolio Development Strategies

Patent Mining

- Identify Problems
 - Your Products
 - Competitor's Products
- Solutions to Problems
 - Your technology solves competitor's product's problems
 - Competitor's technology solves your product's problems

Portfolio Development Strategies

Scope of Claims

- Independent Claims Define Patent Scope
- Dependent Claims Are Fallbacks

Portfolio Development Strategies

Global Strategy

- International Patent Protection is Very Expensive
- Cost/Benefit Analysis
- Strategically Select Countries and Patents to Maximize Value

Portfolio Development Strategies

Layers of Protection

- Copyrights
- Trademarks/Service Marks

Portfolio Development Strategies

Ownership of Rights

- Assigning IP Rights
 - Employee Agreements
 - Outside Party Agreements (independent contractors, advisors, consultants, etc.)
- Recording Ownership Rights
 - Unbroken Written Chain of Title
 - Title and Interest

Portfolio Development Strategies

Licenses and Agreements

- One-Way Agreements
 - Exclusive / Non-Exclusive Agreements
- Joint-Development Agreements
 - Collaborative Research and Development Efforts
- Independent Verification of Ownership Rights
- Transferability of a License Agreement

Portfolio Development Strategies

Third-Party Rights

- Dominating Patents
 - Early Knowledge of Landscape is Key
- Freedom-To-Operate (or Clearance) Study
 - Identifying Potentially Infringed Patents
- Avoiding Infringement
 - “Designing Around”
 - Obtaining a License

Portfolio Development Strategies

Evaluating Strength of an Innovation

- **Market Risk**
 - Does Technology Address Significant Problem in Market?
- **Financial Risk**
 - How Much Capital Needed? Beyond Initial Investment?
- **Management Risk**
 - Is Additional Management Needed?
 - Are the Commercial Objectives Agreed Upon?
- **Technology Risk****
 - Dominant Analysis Used by Investors

The Technology Risk

Criterion Enables Investors to Assess:

- the proprietary aspects of the technology
 - including patent position and ownership
- what further development is needed to get to the first product
- manufacturability
- the potential breadth of the technology's application

The Technology Risk

Patent Position and Ownership

- Who Owns the Idea?
- Establishing a Proprietary Position Early is a Critical First Step
- Technology Determines Value of the Business

The Technology Risk

Further Development

- How much will all this cost?
 - Expensive
 - Develop a plan
 - Prioritize

The Technology Risk

Worth the Risk?

- Consider this case:
 - *Autonomous Technologies Corp.* - Randy Frey
 - Developed LadarVision System – used to perform Lasik eye surgery
 - Acquired by Summit Technology, Inc. for 11 millions shares of Summit common stock and \$46.8 million in cash

Questions?

- David M. Carter, Esq.
dcarter@cdfslaw.com
631-501-5700
- George Likourezos, Esq.
glikourezos@cdfslaw.com
631-501-5700