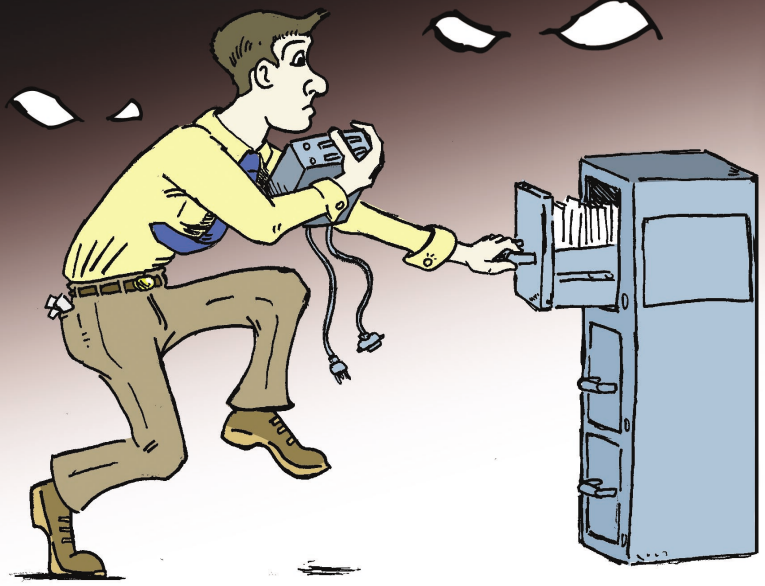
Patents:
Garden State Attorneys Protect Innovation



By George N. Saliba, Associate Editor

What is a patent?

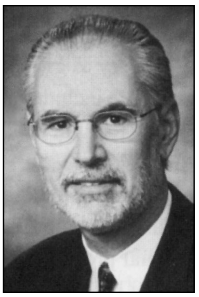
The United States Patent and Trademark Office defines a patent as a property right granted by our government, "to an inventor 'to exclude others from making, using, offering for sale, or selling the invention throughout the United States, or importing the invention into the United States' for a limited time, in exchange for public disclosure of the invention when the patent is granted."

(Source: United States Patent and Trademark Office)

As New Jersey remains a key state for technology-based inventions, patents play a crucial role in protecting those innovations in today's highly-competitive marketplace. Gard-en State law firms are in the thick of it, helping their clients obtain patents, as they also litigate patent infringement cases.

"The patent practice is very busy," says Marc S. Friedman, chair of the intellectual property practice at the 170-attorney Sills Cummis Epstein & Gross, P.C., Newark, "and law firms who practice intellectual property law are getting busier. People are beginning to understand – even more than before – what a strong, competitive tool a patent is. Furthermore, venture capitalists and other investors in companies based on technology, are loath to invest money in a company, absent some patent protection."

Inventors typically have 20 years from the moment a patent is *applied for* (the application process can take between six months and 2.5 years), before a patent expires. According to several attorneys, some "hot" industries for patents include telecommunications, pharmaceuticals, biotechnology, software and consumer electronics.



Friedman

"The world of patents is getting larger, smaller and livelier," says Glen E. Books, chair of the patent group and a member of the tech group at the Roseland-based law firm of Lowenstein Sandler. "Today, inventors can patent methods of doing business that span the globe . . . consider eBay and Amazon.com. Or, they can patent tiny nanotech devices that make microcir-

cuits look like skyscrapers. Even life forms can be patented."

David De Lorenzi, a director and chair of the intellectual property department at Gibbons, Del Deo, Dolan, Griffinger & Vecchione, P.C. (with New Jersey offices in Newark and Trenton), explains the role attorneys play in a U.S. patent application process.

It begins with an R&D innovator at a company developing and documenting what he or she believes is a novel invention. Then, at a large company, an intellectual property or patent committee evaluates the invention to determine if it is worth having it patented. Next, an inventor's disclosure is sent either to in-house or outside patent counsel and the invention is examined for patentability and for freedom-to-operate purposes.

"There are two issues in patent law [that need to be addressed] before you patent something and commercialize it," De Lorenzi says. "You want to be sure in the first instance that what you develop is novel and deserves a patent. On the other hand, however, you also have to make sure that what you are developing doesn't infringe on the rights of other third parties. The last thing you want to do is develop this 'unique' product, but launch it and find out that somebody already has a patent on it."

After the attorney looks at the idea, De Lorenzi adds, if appropriate, a patent application is drafted. It is sent to the United States Patent and Trademark Office and assigned to an examiner. That examiner asks questions about how novel the invention is and company attorneys argue for the patent and answer the examiner's questions. There may be multiple office actions on the part of the examiner, but at the end of the process, he or she ultimately determines whether or not to allow the patent, De Lorenzi says.


Books

In an increasingly global economy, patents can also be applied for in foreign countries.

Associate Brian Belles at Philadelphia-based Cozen O'Connor, P.C. (which has New Jersey offices in Cherry Hill, Newark and Trenton), explains that United States patents only protect inventors from other entities making, using or importing the technology in this country.

"[For example,] if somebody is making it in England and selling it in England," he says, "they are not infringing your U.S. patent. [Therefore], the route you usually go is you file a PCT application (Patent Cooperation Treaty). I would describe that as a hub application which gives you priority to go into countries. Almost all countries belong to that, except for the third world countries, where having a patent is useless anyway."

When it is determined an idea is patentable, companies can then file separate applications in each country.

"However, if you didn't file that PCT," Belles says, "you would have to file and bear all the costs immediately, in the individual countries. The PCT is a vehicle that can delay a lot of costs. You may determine – a year down the road – that you are not going to make any money off your [idea]. But you wouldn't have known that right away."

William "Bill" Robinson, a member of Norris, McLaughlin & Marcus, P.A. (Bridgewater and New York City) and chair of its intellectual property department, says that businesses are increasingly filing internationally and that one of his firm's tasks is to help companies decide where to file.

"In many industries," he says, "you may be able to file in 10 key countries and cover 90 percent of the potential issues. In other industries, you may need to file in 40 or 50 countries, to get the kind of coverage you need."


De Lorenzi

In a very broad sense, Roy H. Wepner, a partner at Westfield-based Lerner, David, Littenberg, Krumholz & Mentlik, LLP (a firm in which all 50 attorneys solely practice in the intellectual property arena), says the patent field is constantly evolving and if businesses are unsure about it, they should consult with an attorney.

"Inventors tend to be very modest," he adds. "Not all of them, though. But, there are some who just can't believe that anything they did is clever enough to warrant a patent. They are wrong. And if they go to a patent attorney who looks at these things more objectively, the attorney will sometimes say, 'My gosh, sure you can patent that.'"

Friedman, at Sills Cummis, offers specific advice to businesses, cautioning that the single most prevalent mistake companies make relating to patents has to do with what is known as the on-sale bar.

"If you do not apply for a patent within one year after an invention is offered for sale," he says, "then you are forever barred from applying for a patent. It's like a statue of limitation . . . The consequence of that is that clients should be sensitized to seek IP (intellectual property) counsel early on in the development process. They can be cognizant of the on-sale bar and the on-sale bar date, so as to not forfeit the right as to what could be a valuable patent, by waiting too long."


Belles

Among his many points, Books, at Lowenstein Sandler, says some other common missteps companies make when seeking a patent include not owning the invention, not describing the invention sufficiently, or describing too many inventions in the same patent. He also says that just because a company employs someone does not necessarily mean the company owns his or her inventions. The company should have agreements from its employees to assign work-related inventions, he says.

Beyond advising clients, New Jersey attorneys also become involved in patent litigation, which Robinson, at Norris, McLaughlin, says is extremely complicated, time consuming and expensive. "It is not for the faint-hearted," he stresses.

"You don't go into a patent litigation lightly."

Friedman, at Sills Cummis, says the latest statistics reveal that the average patent litigation (which goes through a trial) costs each side $1.5 million, adding that this puts small companies with innovative ideas at a disadvantage.

"It makes it very, very difficult for a small company to enforce [a patent]," he says. "In fact, I met with a prospective client two weeks ago, that decided it did not want to spend the money to obtain a patent, because it would never have sufficient money to enforce the patent."

However, Friedman believes that while it may cost money to obtain intellectual property protection, it frequently turns out to be the most important investment a company can make.


Robinson

On a related note, Michael Fein, a member of Cozen O'Connor, nonetheless says that a large company will respect a patent (if it thinks it is valid), no matter who the owner is.

"The owner could always change," he says. "A small guy could always assign it to somebody larger who could afford to litigate it. You'd be pretty unwise to infringe a patent that you think is valid, especially since you can get treble (triple) damages and attorney's fees, if you lose."

That said, Fein makes the key statement that there is always a difference of opinion about whether a patent is actually being infringed, as properly interpreted. Also, patents can be invalid.

"It is not a function of whether it is a small owner or a large owner on the other side," he says. "It's just that they have an opinion and the owner of the patent will have a different opinion. That is why you have litigation."


Wepner

Fein is cautious talking about current cases, yet he and Brian Belles do say the firm has a case that involves inline skate frames – and another that involves a method of creating sharp cutting edges via a chemical milling process.

It is that kind of exposure to technology which excites many attorneys about patents and patent law, regardless of whether the lawyers are registered patent attorneys (licensed to practice patent law before the United States Patent and Trademark office.)

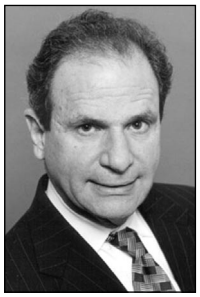
For instance, Wepner, at Lerner, David, is a patent attorney who began practicing law in 1974. He says that "every now and then, you come across an invention that is so elegant and ingenious, you really get a high from it." He adds that the patent law field is endlessly intellectually challenging to understand, as it evolves and changes.

One of the big changes that occurred (in 1982), was the creation of the Court of Appeals for the Federal Circuit, which hears virtually all patent appeals. Books, at Lowenstein Sandler, says that the Federal Circuit was created, in part, from the Court of Claims, that decided charges of patent infringement against the United States. He says that court was reluctant to find patents invalid, but also was reluctant to make the government pay.

"Some of this thinking," he says, "embodied in precedents, has carried through to the Federal Circuit. The result has been more uniform patent law that tends to favor [patent] validity and makes proving infringement more difficult."

Wepner, at Lerner, David, says one of the factors that has likely lead to more patent litigation is that people aren't as concerned their patent will be invalidated in court.

"Another factor," he says, "is that the reward at the end of the day, for patent owners, has gotten more lucrative. Something the Federal Circuit has done - in some instances - is make it easier for patent owners to recover bigger damage awards . . . if willful patent infringement is proven. So, the risk of a patent being knocked-out as invalid has gone down and the potential re-ward at the end of the litigation has gone up. People are doing the numbers and they are thinking: 'I don't have a whole lot to lose.' They go ahead and file suit, and often, they win."


Fein

While the sentiment of the courts and juries may be one element, the concept of making a patent as strong as possible in the first place, is another. Robinson, at Norris McLaughlin, says it is "an imperfect world" and one never knows all of the answers.

Nonetheless, he says the key is to have a quality search conducted before filing the patent application, so a company's invention avoids prior art (the previous inventions of others).

"Then," he adds, "you want to make sure that you don't over-claim. The old practice used to be to put in the broadest claim you could possibly put in. You still want to do that, but you don't want to make it so broad that you are going to have to narrow it . . . when it comes to interpreting the patent."

He adds there is nothing better than knowing a business' industry and understanding what the competition is doing. Also, businesses can "give their attorneys guidance as to where to look for issues and find out whether or not there might be more than one issue that has to be looked at in a new product."

In the broadest sense, innovation is a driving factor in the United States economy. Without patents to protect inventions, people would have little motivation to create new products or processes. New Jersey attorneys strive to foster innovation and, it can be argued, ultimately add to the economic growth of this country.

Friedman concludes, "Many of our clients, particularly the newer ones, base their businesses and the entrepreneur's hopes and dreams on the development of their intellectual property. As lawyers, it gives us great satisfaction to be able to help protect the intellectual property against the misappropriation of it by others, or the dilution of its value in the marketplace."

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