

## PATENT PROTECTION FOR NEW PRODUCT DEVELOPMENT

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## Traditional Forms of Intellectual Property Protection

- Trade secret
- Trademark
- Copyright
- Contracts
- Design patents
- Utility patents

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## Goals of Technology/Product Protection

- Limit ability of third parties to compete for your business
- Limit ability of your customers to replace you as a supplier
- Create risk for competitors and customers if they compete

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## Maintain Secrecy of Information

- Limit disclosure of information that allows competitors to make bids on your designs
- For example, limit disclosure of part drawings, product schematics, CAD files, mold designs, etc.
- Is it possible to limit disclosure of information until supply contract is signed?
- Why do your customers need this information to evaluate your bid?

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## Contract Protection of Technology

- Confidentiality Agreement – limits disclosure and use of information by the party receiving the information
  - Should be sought prior to providing non-public product information to potential customer or other third party
- Development Agreements
  - When product is being designed with input from third party, development agreement identifies who will own the developments
  - Parties agree to ownership arrangement at the outset rather than relying on uncertain intellectual property default ownership rules

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## Early Patent Filing is Important

- U.S. is now a “first to file” patent system
- The first party to file a patent application for a product/technology that they invented gets the patent
- Who invented first is no longer important
- Most foreign countries require patent filing before any non-confidential disclosure of technology
- Therefore, it is important to file a patent application early and best to file before non-confidential disclosure outside of the company

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## Design Patent

- Protects a new and non-obvious aesthetic look and shape of product
- Design patent prevents “knock-off” of product design; less powerful at stopping “similar” competing product
- Cost—less than utility protection
- Fast—typically moves through the Patent Office in less than 2 years
- Almost always is granted by the Patent Office
- Best to file design patent application before disclosure of design outside of company, and it must be filed within a year of public disclosure of the design—at the latest

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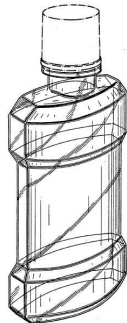
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## Design Patent Example

– US D316,225 – Example Figures

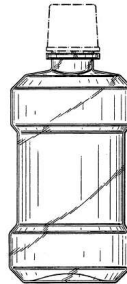
*FIG-1*



*FIG-3*



*FIG-4*



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## Utility Patent

- Protects a new and non-obvious functional technology
- Utility patents typically provide more robust protection than design patent by preventing a competitor from making or using the functional technology covered by the patent
- Cost—higher cost than design
- Slower—typically takes 2 to 5 years to move through Patent Office
- Best to file utility patent application before disclosure of design outside of company, and it must be filed within a year of public disclosure of the design—at the latest

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## Patent Development Process

- Identify point person to coordinate patent process
- Identify triggering events for evaluation of whether to pursue patent protection
  - E.g., “Ah-ha” breakthroughs, solutions to problems that address customer needs or lowers cost, completion of design milestone
- Decide whether pursuing patent protection for development is cost justified
  - E.g., include patenting discussions as part of periodic design review meetings
- Contact patent counsel when decision is made that a development/technology is important enough to consider patent protection

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## Understand Business and Objectives

- What does the competitive landscape look like?
- What is the market potential of the new development?
- What is the expected length of product/technology life?
- What is the investment being protected – how much is being invested in R&D, marketing, new equipment, etc., related to the development?
- Is company valuation a consideration?

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## IP Objectives

- Protect investment in product development by creating barriers to market entry by competitors
- Increase risk/impose costs on competitors entering the field
- Increase risk/impose costs on customers utilizing/switching to other suppliers
- Develop "high-value" portfolio to increase company valuation
- but ...

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## Significant Limitation

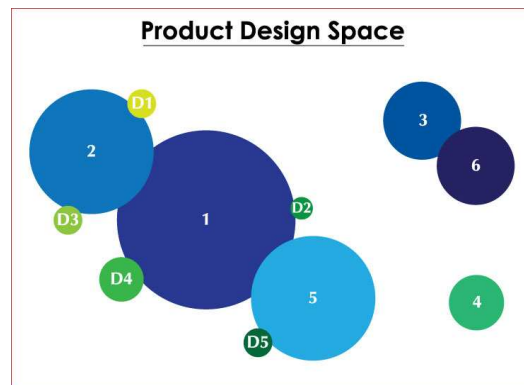
- Reality must be addressed—high-level patent protection often not available
- Very common in many (most?) industries
- Patent attorney works with the client to develop an IP protection strategy in light of this reality, and tailors a cost-justified IP strategy in line with your business objectives

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## Patent Coverage vs. Product Design Space



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## Why Can "Targeted" Patent Filing be Valuable?

- Forces competitors to inferior products
  - Competitor entering space is pushed incrementally toward less competitive, non-infringing alternatives
  - If done right, this IP strategy has the net result of competitors having substantially inferior/more expensive product offerings
- Creates risk and increases cost for competitors
  - In the right circumstance, an array of issued patents plus pending applications imposes substantial risk and uncertainty on competitors entering market
  - It is costly to try to design around multi-patent portfolio, and pending applications create uncertainty regarding future patent protection

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## Why Can "Targeted" Patent Filing be Valuable? (cont.)

- Creates risk and increases cost for customers
  - Customer must risk patent infringement and injunction when switching to competitor
  - Risk is raised by multiple patents and pending applications
- Potential positive impact on company valuation
  - Sophisticated potential purchasers of a company typically understand the value of this type of portfolio development
  - Signaling value?
  - In some industries, our client does not need to be purchased unless they have patent protection

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## Identification of Third Party Patent Infringement Risk

- Is your new product/technology going to infringe other parties' patents?
- We can conduct a patent search to better understand patent infringement risk profile for new product
- The timing of the patent search relative to the product development timeline is important
- Costs vary significantly, depending on type of technology and level of patenting in the particular technology area

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**Questions?**

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**THANK YOU!**