



Robert Underwood, partner, McDermott Will & Emery

Wednesday, May 26, 2010

How-To Toolbox

How to handle the big IP challenges

By Bridget Botelho, Special to Mass High Tech

Small-business owners seeking intellectual property protection face complicated applications, high fees and, for patents, a three-year wait for U.S. Patent and Trademark Office approval.

Knowing whether an invention is even eligible for intellectual property (IP) protection poses an issue for many inventors, said Cheryl Johns, chief counsel for telecommunications and technology of the Office of Advocacy, U.S. Small Business Administration. "For something to be patentable, it has to be novel, non-obvious and useful under the U.S. Patent Act, and there are many different types of intellectual property protections you can get," she said.

One mistake that many small companies make is believing that they own a technology "platform" that will produce multiple products, according to Robert Underwood, a partner in the IP strategy and transactions group in the Boston office of the international law firm McDermott Will & Emery. "Too often the IP of these companies tells a different story — they merely own a promising product," he said. Platform companies are attractive to investors/acquirers, and often have higher valuations than mere product companies. But to close the deal, the message and IP both need to say "platform."

Creating IP that covers a platform is a significant challenge, and recent court decisions that heightened the requirements for obtaining patents have not helped. "In this environment, successful companies invest in developing the IP, and aligning the message with the IP," said Underwood.

Another little known fact about patents is that in the U.S., an inventor only has one year to file for IP protection once a product is put on the market, and in foreign countries, there is no window for filing patents after the initial introduction, said John Calvert, an administrator with the Patent Office's Inventor Assistance Program.

"If you manufacture in China, or want to sell in Italy, those countries have a zero time allowance, because the invention is not considered new if it is on the market," Calvert said. "So if you come up with something patentable, talk to someone about having it protected right away."

Few business owners know that just one product can require many types of protections, said Calvert. "There are so many things that can be protected...Business owners need to trademark their logos and copyright advertisements, and you can even protect the bottle your product is packaged in," Calvert said.

Expert Tips:

- Hire an experienced patent attorney to ensure the application meets the Patent Office's stringent requirements.
- Patents are expensive to obtain, so choose what to patent strategically in both U.S. and international markets.
- Be sure to file a patent immediately if you plan to sell worldwide; once it is on the market, it can't be patented outside of the U.S.
- Remember that enforcement is an ongoing effort.