

## Newsletter

March 15, 2005

### Our latest news

- **PATENTINFO.NET and Missiontrek cooperation strengths**
- **Novella Moetteli-Mantelli, a Swiss lawyer, joins Moetteli & Associés SàRL in St. Gallen**
- **Article: "COMPANY PATENT POLICY—Necessity to Protect the Future"**

news from patentinfo.net



#### **PATENTINFO.NET announces cooperation with Missiontrek Ltd. Co.**

*PATENTINFO.NET, a resource of online patent information and Missiontrek Ltd. Co., a pioneer in online research software, enhance the PATENTSTEIN Browser™.*

PATENTINFO.NET today announced that it's strengthening its cooperation with Missiontrek, a pioneering online research and collaboration software developer, in adding still more features to the PATENTSTEIN Browser™. The browser, a derivative of Missiontrek's CARTAGIO product, is designed to be the ultimate tool for patent searching and for saving and sharing search results. Consistent with the public policy to promote the wide dissemination of technical information, more and more patent search data is becoming publicly available on the web. Therefore, it's becoming more and more difficult to justify the costs associated with accessing expensive proprietary databases for which there's a charge associated with every transaction. The simple fact is that more and more technology managers are performing their own patent searches (and not necessarily very well, given the demands on their time). The PATENTSTEIN Browser takes advantage of this continuing trend by providing the searcher and technology manager with a tool pointing them to the latest publicly-available sources of technical data, as well as allowing them to access, capture, edit, organize, and share their work in a re-useable form. Suggestions for still more features are welcome. Contact [patentstein@patentinfo.net](mailto:patentstein@patentinfo.net) to share your experiences with the product.



#### **Novella Moetteli- Mantelli joins Moetteli & Associés SàRL in St. Gallen**

Moetteli & Associés SàRL is pleased to announce that Ms. Novella Moetteli- Mantelli has joined the firm. Ms. Moetteli - Mantelli is a licensed Swiss attorney-at-law, having earned her Law degree from the University of Geneva. Prior to joining the firm, she worked for the Swiss Federal Banking Commission in Berne, in the department for the authorization of banks, securities dealers and investment funds. She has litigation experience and spent several months as a clerk for the Court of Appeal in Geneva. Her keen interest in Trademark Law, particularly International trademark law, English and German language skills, as well as the fact that French is her mother-tongue, make her a valuable firm asset, particularly for international trademark prosecution that must be conducted in French for our Swiss clients.



## COMPANY PATENT POLICY—Necessity to Protect the Future

*by John Moetteli*, US Patent Attorney, Attorney-at-law (DC, Tx) with Moetteli & Associés SàRL

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### INTRODUCTION

Generating inventions and discoveries of commercial importance is the primary goal of any R&D effort. Obtaining patent protection for such inventions and discoveries is the means provided by governments by which the company is able to secure a fairly-earned comparative advantage vis-à-vis competitors. A patent, a limited, government-sanctioned monopoly, provides companies with the comparative advantage needed to recover the often high research and development costs associated with their R&D efforts.

In order to maximize this comparative advantage, which is gained only by strict adherence to complex rules, companies must have a patent strategy and policy. The goal of this policy is to educate their creative individuals of the rules and to define procedures and provide incentives to help ensure that the patent strategy is executed, i.e., that, for example, the company generates inventions and discoveries worth protecting and that the rules are respected so that meaningful protection can be obtained.

The net result is intellectual property that is valid and enforceable. Because of this, stakeholder value is maximized.

Our discussion therefore will proceed roughly as follows:

1. The contract between the government and the creator – a delicate balance between the public and private interest.
2. The role of Patent Policy.
3. What should a typical patent policy try to accomplish and what is the inventor's role in the process?
4. Conclusions and Recommendations

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#### 1. The contract between the government and the creator – a delicate balance between the public and private interest.

Governments have an obligation to protect their citizens and give them a more or less predictable environment in which to live and conduct business. A private entity, whether an individual or a corporation, has a right to develop useful products or processes and to keep them secret capriciously, to his own advantage and to the disadvantage of any competitor. Keeping the invention secret is usually only a viable alternative to patent protection in cases where the invention is a process which cannot be reverse engineered through analysis of the resulting product. If this is the case, then the challenge is to keep the process secret. If successful, and no one is able to reverse engineer the process, the benefits of secrecy will help the trade secret holder maintain a competitive advantage. In addition, protection will not be limited to 20 years. Thirty five or more years of protection may be attainable if tight controls are in place. A risk though is that a competitor will file and obtain a patent which they may be able to enforce against the trade secret holder. This is because the patent laws favor those who "disclose" as opposed to those who "conceal and suppress" technical knowledge.

In order to ensure that new and useful technologies are made available to the largest number of individuals, so that concurrent research and development by others is facilitated, the Government attempts to entice inventors and entrepreneurs to enter into a sort of contract with them, the terms of which are a limited term monopoly for exploitation of the invention in exchange for full disclosure of the invention. Unfortunately, because granting a monopoly to an individual entity can have damaging consequences on competition, governments generally make the rules very difficult to respect.

For example, if any of the following events take place prior to filing a patent application, in most countries of the world, patent rights are lost:

- Nonconfidential disclosure of the invention to a third party
- Publication of a description of the invention in a journal
- Giving a speech describing the invention at a tech conference
- Publication of a description of the invention on the Internet
- Showing the invention at a trade fair or show
- Description of the invention in a newsgroup or chat room environment
- Offering the invention for sale (you have one year from this offer to file in the US)
- Inadequate description of the invention in an application
- Failure to properly claim your invention in a patent application
- Invention is used commercially in secret (you have one year to file in the US)

Further, even after a patent is granted, the following actions can invalidate it:

- Inequitable (dishonest) conduct on the part of the attorney or inventor or anyone substantially involved.
- Intentional failure to disclose a relevant prior art reference
- Intentional failure to name the correct inventors
- Misusing the patent monopoly to gain an unfair commercial advantage
- Failure to have diligently pursued the invention prior to filing the application (losing an interference action)

It should be recognized that, other than the stockholders or the inventor himself, no one mourns for the inventor or company who takes an action which causes him or her to lose their patent rights. In fact, the public gains access to technology without having to pay for it and it's therefore an occasion for the public to celebrate. Therefore, you are alone responsible for protecting your own rights.

## 2. The role of Patent Policy.

Simply put, the role of patent policy is to provide a framework of rules which, if implemented, advance the *patent strategy* decided upon by management. This strategy can vary widely. The most common strategy for technology companies is to create a patent portfolio with licensing value or which will discourage competition. However, other strategies exist. For example, the company may not be interested in obtaining patents for itself. Instead, it may wish to publish its research and have a defensive strategy in case they are threatened with a patent infringement suit. Another strategy might be to protect all by trade secrets where possible, and *file US patent applications only* (with a non-publication request), thus doing all one can to keep the applications pending and therefore secret, until a competitor begins to infringe, in which case the patent is allowed to grant and is used to remove the competition.

To play this role, a patent policy must translate these complex rules into clear policies that anyone can *follow* (note that I did not use the word “understand”—this is not necessary and perhaps an expensive luxury...). Further, the policy must provide guidance on implementation of such policies to motivate creative persons to take steps to help prevent the loss of valuable patent rights.

The biggest challenge for the patent profession in preparing a patent policy is to translate these complex rules into easy to follow policies which implement the company’s patent strategy.

## 3. What should a typical patent policy try to accomplish and what is the inventor’s role in the process?

A patent policy should try to accomplish the following:

- A. The policy should name individuals responsible for seeing that the policy is followed.
- B. The policy should preserve the confidentiality of inventions and safeguard them against theft, at least until such time as they have been evaluated and filed as patent applications.
- C. Sketches and notes concerning inventions or potential inventions should be recorded in a form which makes very credible any claim by the company of inventorship, the conception date or the date of reduction to practice of the invention.
- D. The policy should outline an invention evaluation process to identify promising new technology. Such evaluations should include Internet patent searches conducted in house.
- E. The policy should deal with inventions submitted from third party inventors outside the company.
- F. The policy should provide an incentive program to ensure that employees follow the procedures set forth by the policy and that the *true* inventors are rewarded.
- G. The policy should appoint a contact person who has access to the inventors, should outside counsel require that a document be signed on an urgent basis.

- H. The policy should provide for some sort of defensive publication of technology that is useful, but not worth the expense of patent protection and not worth the risk of trade secret protection (which might allow a third party to obtain a patent later).
- I. The policy should encourage collaboration in brainstorming and information sharing, to improve the development process.

#### 4. Conclusions and Recommendations:

If a company with a thriving research and development effort doesn't have a formal patent policy in place, then the R&D effort will be haphazard. Consequently, the strategic advantage gained from the effort may only be marginal. In addition, if a company has a patent policy that isn't enforced, then the expected benefits won't be realized. Therefore, management must develop and enforce the company patent policy.

The rationale behind the company's adopted patent policy is complex. The creator's responsibility under a patent policy of course depends on the patent strategy chosen by management. The creative individuals can and should understand the broad reasoning behind the policy. However, fully understanding the underlying detail may best be left to the lawyers. Ultimately, then, the creator's responsibility is simple: to follow the direction of any appointed new technology coordinator as outlined in the company's patent policy.

As with all policies, period review and benchmarking should be performed to ensure that the policy keeps pace with the company's growth and long term strategic goals.

***\*The PATENTINFO.NET Newsletter is a regular publication of Moetteli & Associés<sup>SàRL</sup> (Geneva), generalists in US and International contract law and specialists in international and US Patent, Trademark, and Copyright registrations, including licensing, infringement, invalidity, and enforceability patent opinions involving US patents; software, methods, and biotech patent applications; and patent filing strategy. To subscribe, simply send us an email to [moetteli@email.com](mailto:moetteli@email.com), asking to be added to our e-mailing list.***

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