



# Lecture 6

Law 115  
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# Agenda

## Patents

- Origins of Patent Law
- Types of Patents
- Applying for a Patent
- Requirements for Patent Protection
- What Does a Patent Get You
- Defenses
- NPR Discussion

## Trade Secrets

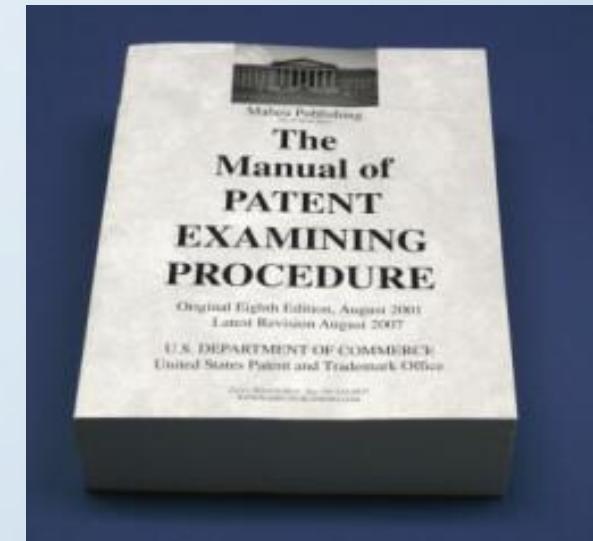
- Rationale for Trade Secret Protection
- Sources of Trade Secret Law
- What is a Trade Secret?
- Reasonable Measures
- Misappropriation of Trade Secrets
- Limitations of Trade Secret Law

# Patents

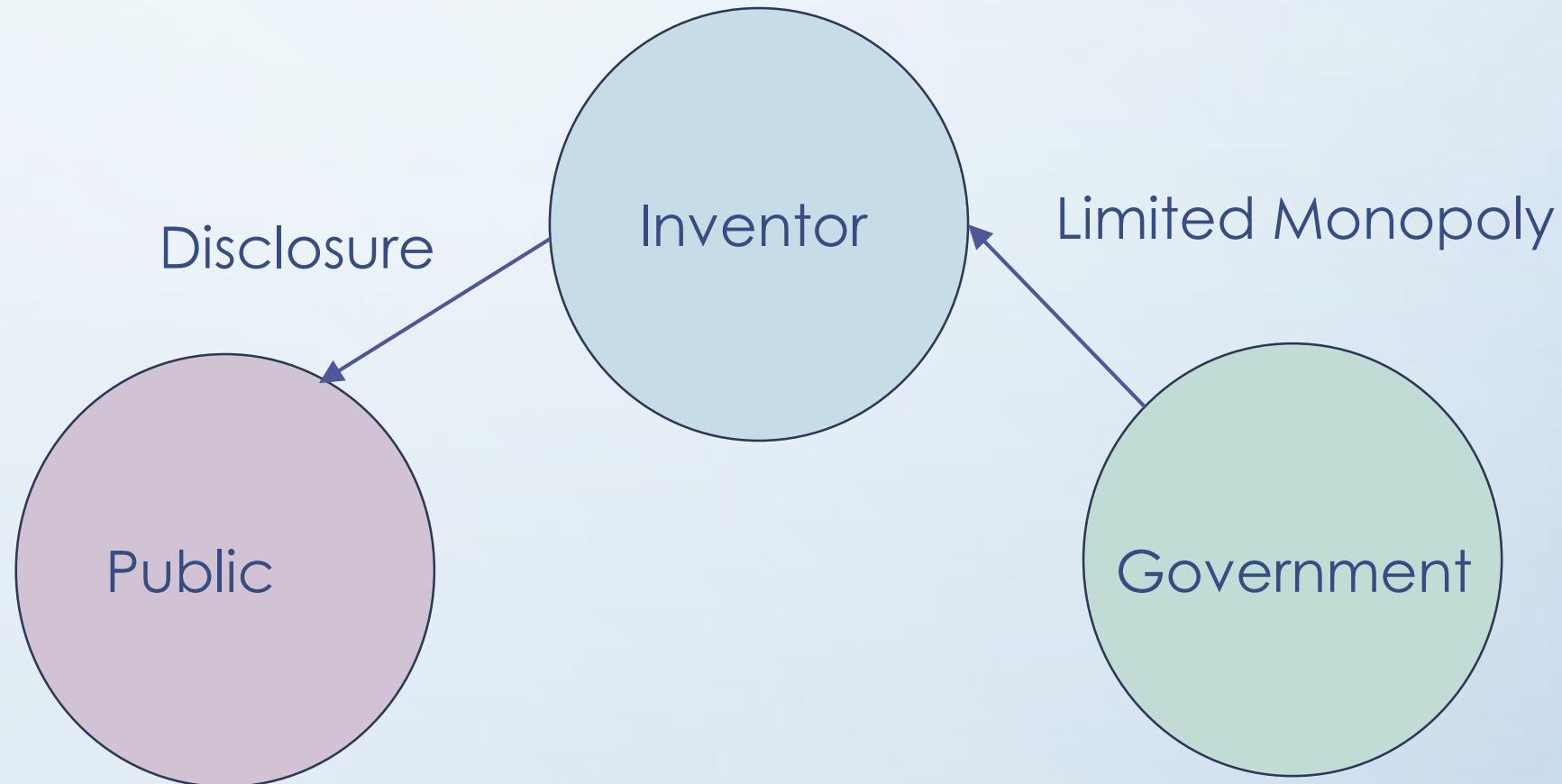


# Origins of Patent Law

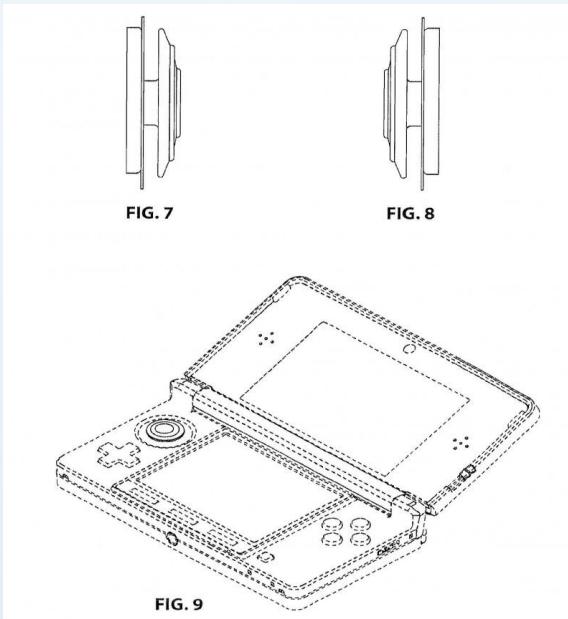
- Romans did not have patent system, but they invented many things
- Ancient Greeks → monopoly for one year
- **U.S. Constitution Article I, Section 8, Clause 8:**  
Congress is authorized “to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”
- **Federal law:** 35 U.S.C., 37 C.F.R., MPEP (Manual of Patent Examining Procedure)
- America Invents Act



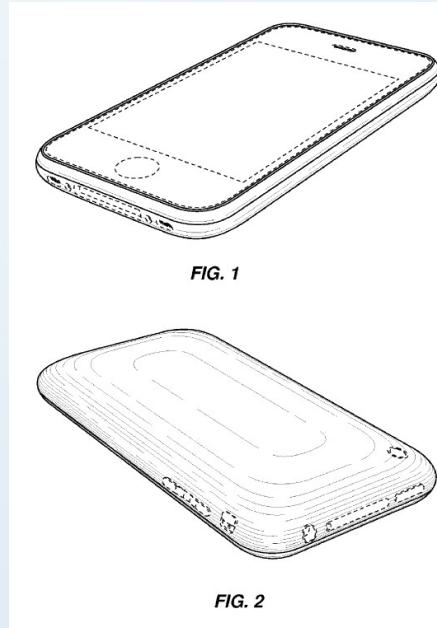
# Origins of Patent Law



# Types of Patents



Utility Patents



Design Patents



Plant Patents

# Requirements for Patent Protection



Patents are the **only** type of IP that requires a government grant. To receive protection, an idea must...

1. **35 U.S.C § 101:** Fall into at least one category of statutory subject matter
2. **35 U.S.C § 101:** Have utility (be useful)
3. **35 U.S.C. § 102:** Be novel (not disclosed in the prior art)
4. **35 § U.S.C.103:** Be nonobviousness to a person having ordinary skill in the art ("PHOSITA") or comprise an "inventive step"

# Novelty

Each patent has an effective filing date (EFD). To determine whether a patent covers a novel idea, an examiner will determine whether the exact invention claimed was described before the effective filing date in the prior art. Examples of prior art include...

- Printed publications from third parties
- Other patent applications
- Public disclosure from third parties
- Inventor's own public use, sale, or disclosure

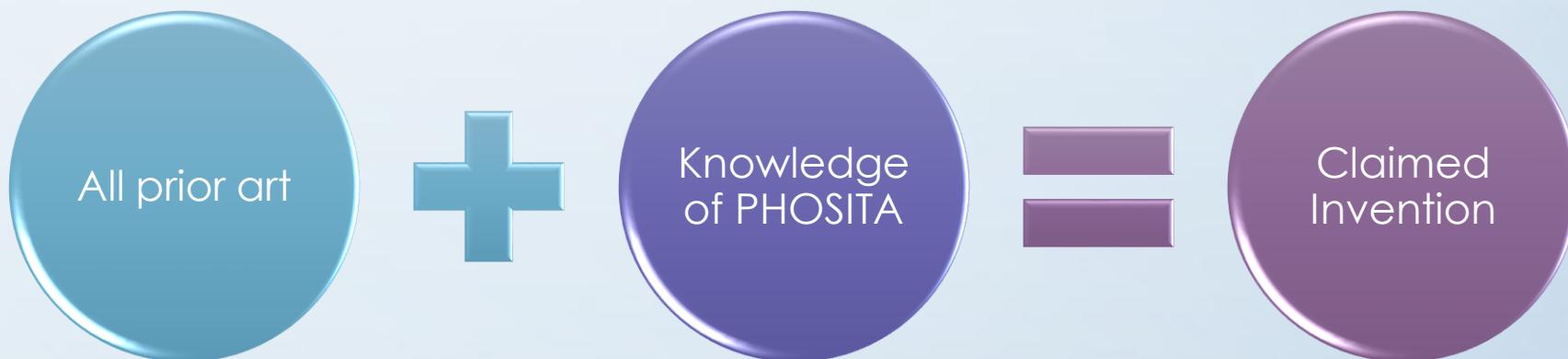
First Inventor to File:

[http://www.youtube.com/watch?v=fR3aW69St4o&feature=player\\_embedded](http://www.youtube.com/watch?v=fR3aW69St4o&feature=player_embedded)



# Obviousness

- Usually the biggest issue in litigation and USPTO proceedings
- For a claim to fail under novelty, all features must be found in a single prior art reference



# Obviousness

An inventor may rebut an obviousness rejection by arguing that a **PHOSITA would never combine the prior art to arrive at the claimed invention** because...

- The prior art teaches away from the claimed invention
- The examiner proposed combining the prior art in a way that would destroy the intended purpose of the references
- A number of other reasons

**Secondary indicia of non-obviousness:** commercial success, fulfillment of a long-felt need, doubt by experts, adoption in the industry

# Statutory Subject Matter

The following are statutory classes of subject matter that are protectable under the patent system...

- Articles of manufacture
- Machines
- Methods (of making or using substances or articles)
- Compositions of matter



# Statutory Subject Matter

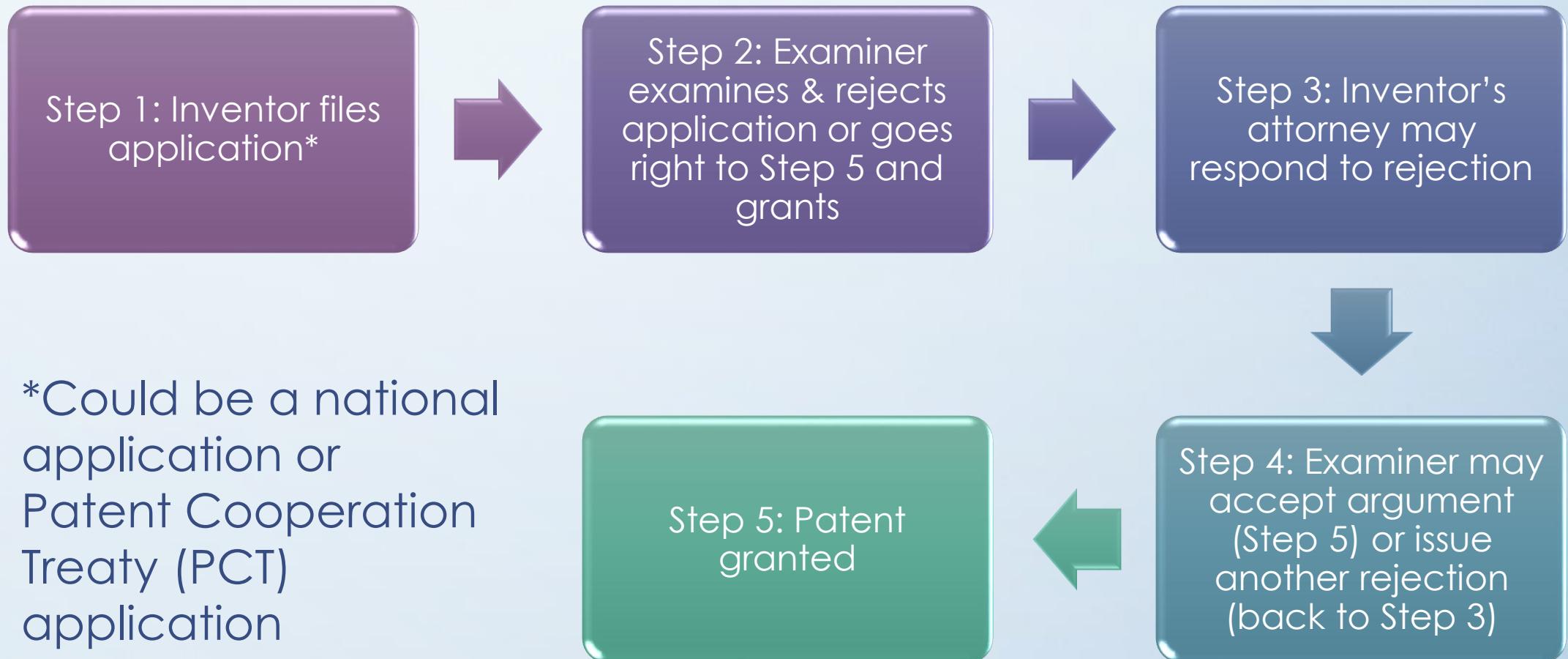


The following **cannot** be protected under the patent system...

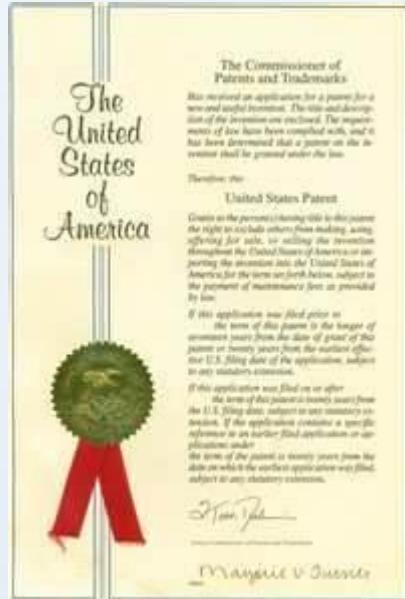
- Abstract ideas
- Laws of nature
- Written material where novelty is in the meaning of the words

Business methods and software patents can be statutory subject matter after *In re Bilski*.

# Applying for a Patent



# What Does a Patent Get You



A U.S. patent provides the owner of the patent ("patentee" with the exclusive right to...

- Make the claimed invention
- Use the claimed invention
- Sell or offering to sell the claimed invention
- Import the claimed invention into the US

The term of a utility patent is **20 years**; the term of a design patent is **14 years**. Renewal fees must be paid throughout the life of the patent.

# What Does a Patent Get You

A patent **does not** provide the owner with the right to practice the claimed invention.

- Steve Jobs has been quoted to claim that Apple filed over 200 patents to protect different aspects of the iPhone
- Apple may also have paid license fees to third parties to use their technologies to make the iPhone product

When developing and releasing a new product, doing a patent search is often useful



# Defenses

- Experimental Use (limited)
- Inequitable Conduct
- Exhaustion
- Patent Misuse
- Invalidity
- Licensed Use

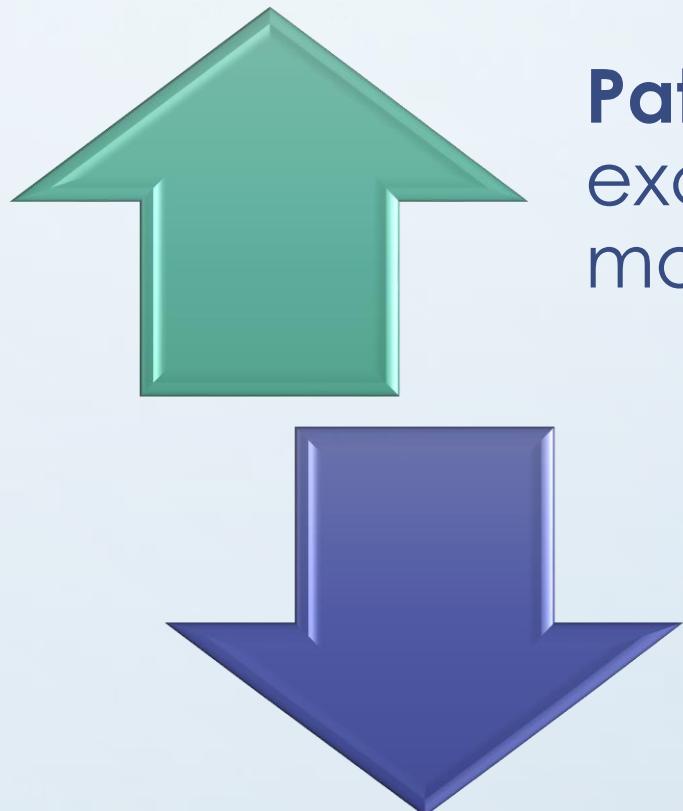


# Trade Secrets



# Rationale for Trade Secret Protection

Trade secret law is effectively the opposite of patent law



**Patents:** disclose idea in exchange for limited monopoly

**Trade Secrets:** keep idea secret in exchange for remedies for misappropriation

# Rationale for Trade Secret Protection

- Information has value, and may require investment of time, money, skills, and technology to produce it.
- But information may be worthless if disclosed to competitors.
- Other IP protections require disclosure of protected stuff – disclosure is exactly the danger that trade secret protects against.
- Some other IP protections have ***limited terms***, but trade secret protection, properly protected, may last ***forever***.

# Sources of Trade Secret Law

- **International Basis:** Article 39 of TRIPs
- **Federal Law:** Economic Espionage Act is probably the only provision of federal law that is relevant
- **State Law:** Common law, judge made law statutory law, administrative law

Restatement of Torts and Uniform Trade Secrets Act

# What is a Trade Secret

**Information** that meets the following requirements:

1. Not generally known and not readily ascertainable by others
2. Subject of reasonable efforts to keep secret
3. Derives independent economic value



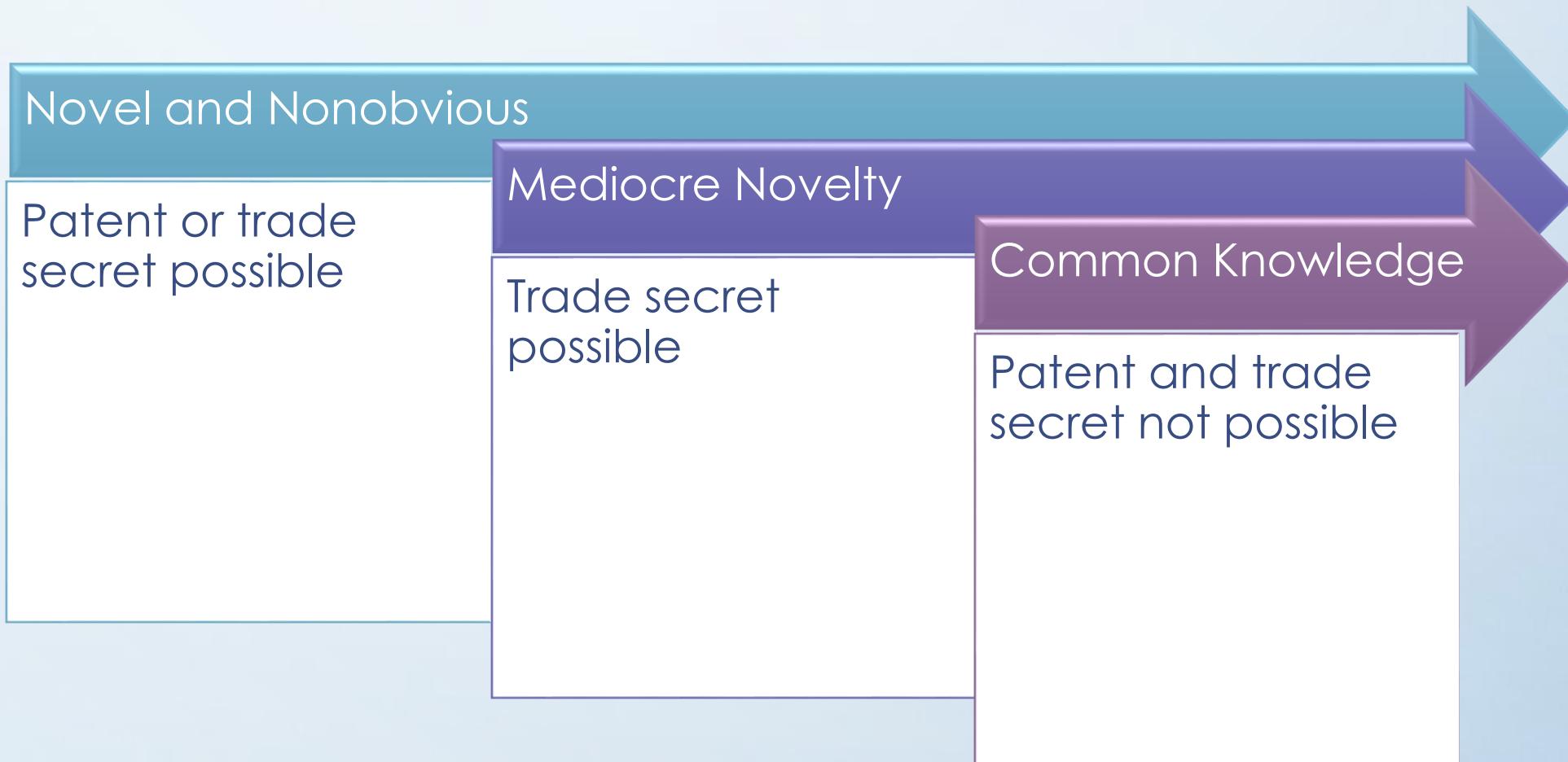
# What is a Trade Secret



Examples of trade secrets include...

- Procedures used in creating or delivering your product or service
- Marketing strategies
- Customer lists, information about customers
- Research pertaining to existing, new, or rejected products

# What is a Trade Secret



# Reasonable Measures

Examples of measures for protecting trade secrets...

- Nondisclosure agreements
- Measures that limit physical or electronic access (password protection, secure servers, employee badges)
- Trade secret policies, guidelines, and training
- Signage
- Clean desk policies



# Misappropriation of Trade Secrets

Misappropriation occurs when trade secret is:

1. Discovered through improper means; or
2. Disclosed in a manner that constitutes a breach of confidence

**Example:** *du Pont v. Rolfe* (5th Circuit 1970)

- Competitors hired contractors to take aerial photos of construction site for new plant
- duPont has some security but they could have done more



# Misappropriation of Trade Secrets

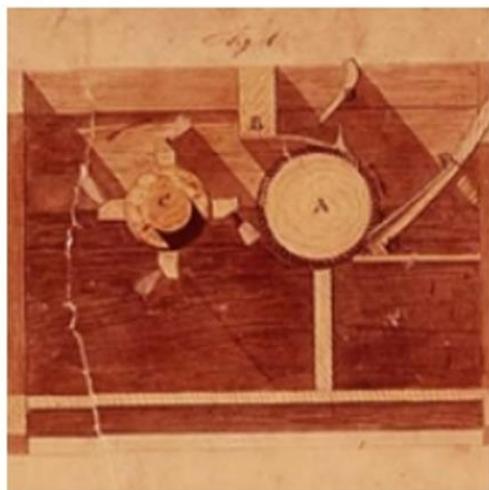


Dennis Nedry from Jurassic Park

# Limitations of Trade Secret Law

- **Reverse engineering:** Trade secrets may be discovered through reverse engineering or independent invention.
- **Loss of Protection:** Protection is lost if you fail to maintain confidentiality or trade secret becomes known through legitimate means. This usually happens a few ways...
  - Publishing in journal or web
  - Reverse engineering: when information gets embedded in product and someone figures it out (object code and source code)
  - Independent invention
  - Inadvertent disclosure

# NPR Discussion



## 441: When Patents Attack!

JUL 22, 2011

Why would a company rent an office in a tiny town in East Texas, put a nameplate on the door, and leave it completely empty for a year? The answer involves a controversial billionaire physicist in Seattle, a 40 pound cookbook, and a war waging right now, all across the software and tech industries. ([Transcript](#))

1. Do you think the current patent law incentivizes innovation?
2. If not, what do you think is wrong?
3. How would you change patent law (or IP law generally) to address these concerns?