

Silicon Valley
◀ Young Coder's Club ▶



Session 7

Intellectual Property - Filing Your Patent

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Master Agenda

Session 1	April 23 rd	What is creativity? What is my passion?
Session 2	April 30 th	Behavior traits for a successful entrepreneur.
Session 3	May 7 th	Turning your passion into a business opportunity.
Session 4	May 14 th	Steps needed for your startup ... 1, 2, 3 GO.
Session 5	May 21 st	Financials of the business opportunity.
Session 6	May 28 th	Presentation skills, successful pitches, what ideas got funded.
Session 7	June 4th	Filing your patent, patent gotchas, successes and failures.
Session 8	June 11 th	Creating a business plan to pitch to VCs.
Pitch Fest	June 20 th	Annual Tech Day (Business Plan to VCs, Successful Entrepreneurs).

Weeks 1-3 recap

Week 1

Passion

Creativity

Problem

Week 2

Leadership

Hardwork

Integrity

Social Good

Week 3

The Hacker Way

The VC

Business Plan

Weeks 4-5 recap

Week 4

Incorporation

Paper Money

Pivot

Exit

Week 5

Profit = Sales - Costs

Valuation

Financial Statements

Revenue Models

Week 6

Product, Placement,
Promotion, Place

Target Market

Customer Research

Business Plan

Problem Statement

Business Model

Competition

The Team

Solution to Problem

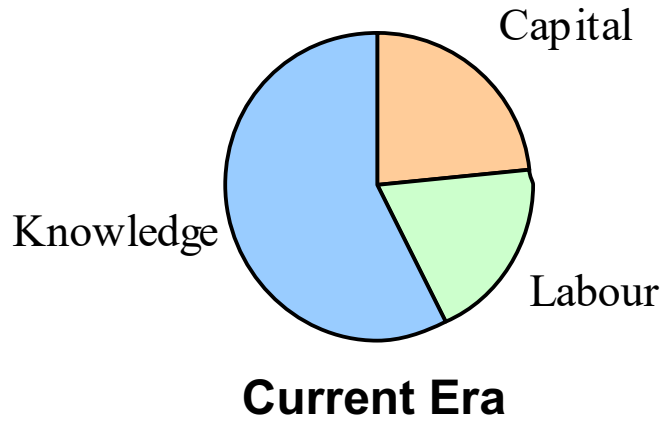
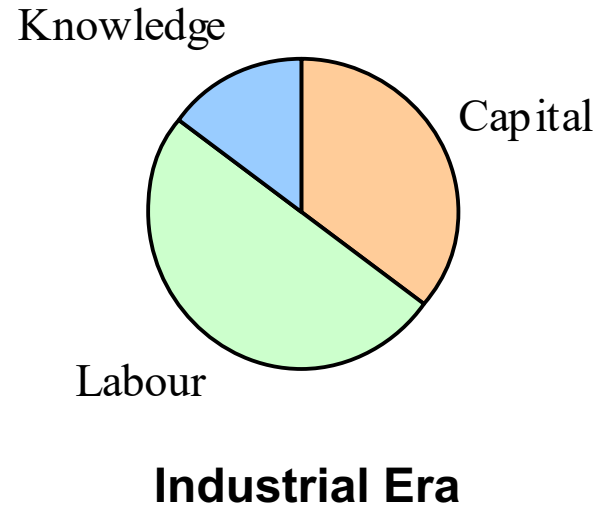
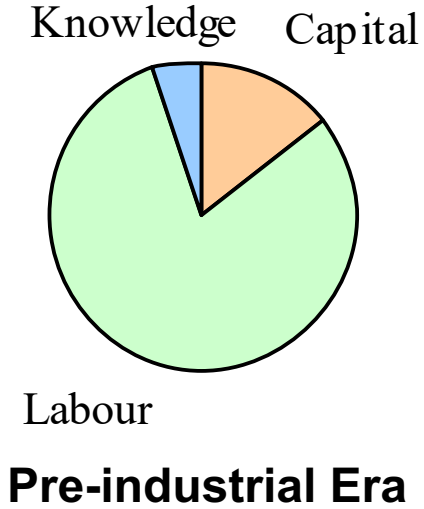
Product and Technology

Marketing and Sales

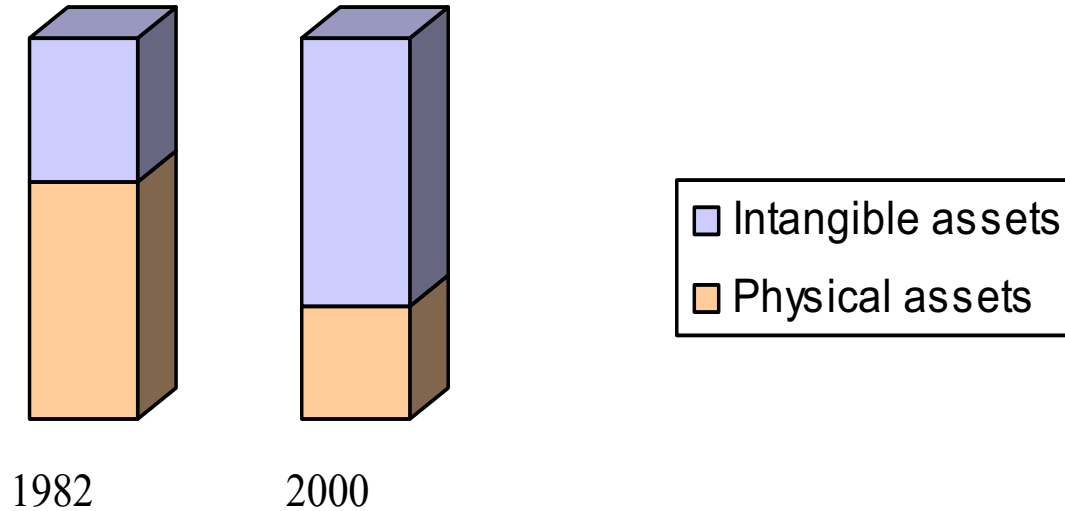
Financial Model



The Knowledge Economy



US Companies' Intangible Assets



Source: WIPO

The IP of Gillette

Gillette Company Asset Values in US \$ (2006)	Value (\$)	Total
Working Capital	2,850	4.9%
Fixed/other assets	5,131	8.8%
Intangible assets	5,854	10.0%
IP	44,700	76.3%
Total Invested Capital	58,535	100.0%

The Innovation Process

An innovation starts as an idea/concept that is refined and developed before application.

Innovations may be inspired by reality (known problem). The innovation (new product development) process, which leads to useful technology, requires:

- Research
- Development (up-scaling, testing)
- Production
- Marketing
- Use

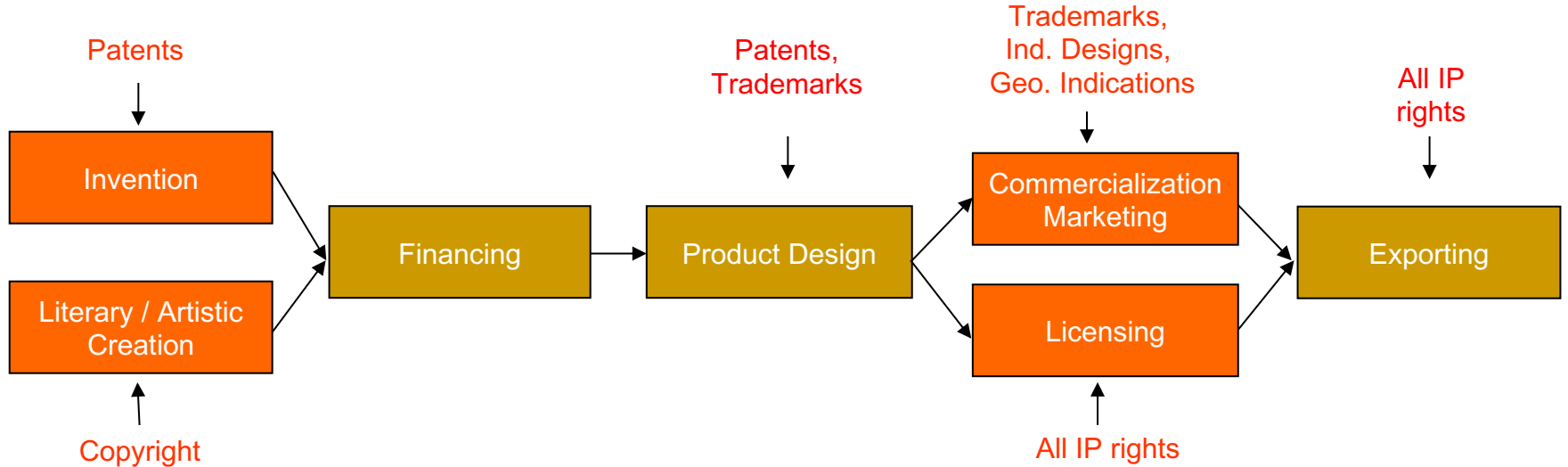
Experience with a product results in feedback and leads to incrementally or radically improved innovations.

New Product Development

Stages in a New Product Development process:

- Idea Generation
- Idea Screening
- Concept Development and Testing
- Business Analysis
- Beta Testing and Market Testing
- Technical Implementation
- Commercialization

IP Adds Value at Every Stage



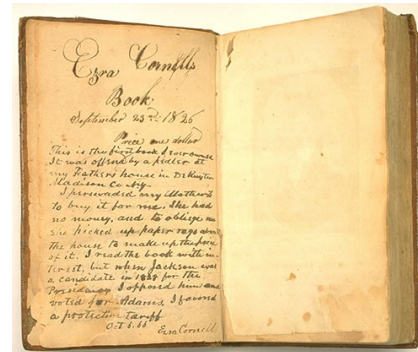
Intellectual Property Rights

Patents

Trademarks

Trade Secrets

Copyrights



Types of Intellectual Property

IP includes rights relating to the following:

- Literary, artistic and scientific works
- Performances of performing artists, phonograms, and broadcasts
- Inventions in all fields of human endeavor
- Scientific discoveries
- Industrial designs
- Marks and commercial names and designations
- Protection against unfair competition
- All other rights resulting from intellectual activity in the industrial, scientific, literary, and artistic fields.

Trademarks

A trademark or "mark" is a distinctive name, logo or sign identifying the source of goods or services. Trademarks help consumers distinguish a product or service from one source from those produced by another source. A mark provides protection to its owner by preventing confusion as to source in connection with the distribution of goods or services or licensing others to use them. The period of protection varies, but a mark can remain valid indefinitely through continued commercial use or a registration and renewal process.

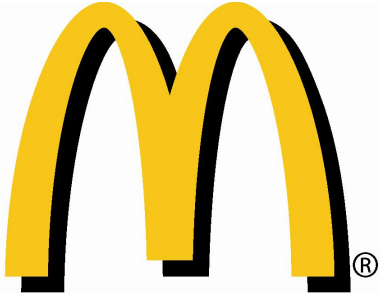


WALSH PB TRAINER MK II

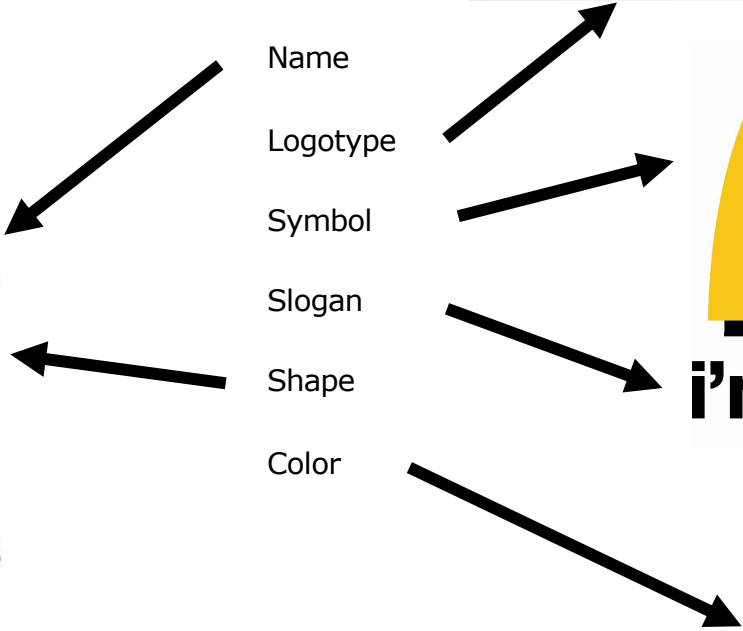
Trademarks



- Name
- Logotype
- Symbol
- Slogan
- Shape
- Color



i'm lovin' it[®]



“Brand” Companies

Nike ...

Adidas ...

Reebok ...

Levi-Strauss ...

... Own No Factories

Trade Secrets

A **trade secret** is any practice or process of a company that is generally not known outside of the company. Information **considered a trade secret** gives the company an economic advantage over its competitors and is often a product of internal research and development.

- Can last forever
- Need to show efforts to keep the secret confidential
- If others can figure out the secrets through rightful means such as reverse engineering, then secrets can be lost
- A famous trade secret is the Coke formula

Example of Trade Secrets Assertion

Fruit of the Loom Sues Competitor:

Fruit of the Loom is suing competitor Gildan Activewear Inc., accusing the Montreal company of stealing trade secrets to grab a competitive edge in the cutthroat apparel business.

Fruit of the Loom contends the reports include production goals for plants in El Salvador, Honduras and Mexico that would allow Gildan to estimate production costs. They detail sales to specific customers, trends in demand and budget information.

Copyrights

Copyright consists of a bundle of rights given to creators in their literary and artistic works. These creators, and their heirs, hold the exclusive rights to use or license others to use the work on agreed terms.

- Among other things, a copyright is the right to make copies
- Includes the rights to reproduce, prepare derivative works, distribute copies, perform the work publicly (live performance), display the copyrighted work publicly, and in the case of sound recordings, to perform the work publicly by means of digital audio transmission (webcast).

Copyrights and Related Rights

- Copyright
- Performing Rights (Musical and Dramatic Works)
- Broadcasting Rights
- Distribution Rights
- Reproduction Rights
- Right to Make Derivative Works
- General Designs and Vessel Hull Designs
- Derivative Works such as Translations

What Does a Copyright Cover?

Artistic works that typically appeal to the senses such as sight and sound. Original Works of Authorship.

Examples:

Books, plays, poems, sculptures, dolls, vessel hull designs, paintings, photographs, computer programs, news papers, furniture, websites, magazines, architectural works, motion pictures, audiovisual works, dance steps, designs.

Patents

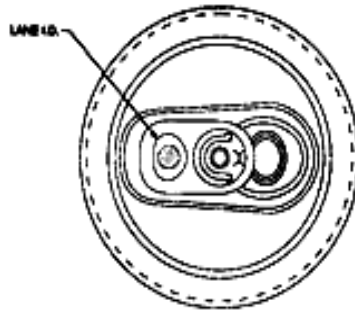
A patent is an exclusive right granted for an invention (a product or a process that provides a new way of doing something, or offers a new technical solution to a problem). It provides protection for the invention for a limited period, generally 20 years from the filing date, in the country or countries in which it is patented, in exchange for the inventor's public disclosure of the invention.

- Patents reward **disclosure** rather than secrecy
- In exchange for disclosure, inventors get exclusivity for a period of time

Patents

Example: ring-pull cans

The inventor licensed the system to Coca-Cola at 1/10 of a penny per can. During the period of validity of the patent the inventor obtained 148,000 UK pounds a day on royalties.



Technical Information to Include in Patent

Description

Background and discussion of relevant prior art

Problem to be solved by the invention

Solution to the problem in broad terms

Detailed description with examples

Drawings where appropriate

Abstract

Claims

Patent Protection

- Provides the exclusive right to commercialize the innovative product in the selected markets
- Facilitates the licensing or sale of an invention to foreign firms
- Increases the negotiating power of a firm vis-à-vis competitors (particularly good for cross-licensing)
- May enhance the image of the company (in the eyes of investors, partners, consumers) as being technologically developed
- Facilitates the establishment of partnerships and joint ventures in domestic and foreign markets

Case Study on Patent Protection



Commercialization Example:

- Croatian pharmaceutical company (Pliva) discovers new (Azythromicin)
- Pliva applies for patent protection in Croatia and in various potential export markets using the Patent Cooperation Treaty
- Large pharmaceutical company (Pfizer) searches patent databases and discovers the Pliva patent
- Pliva licenses Pfizer to produce the antibiotic in the US as well as in some other countries in Western Europe, while Pliva maintains the exclusive right to commercialize the antibiotic in Eastern Europe

Checklist

- Integrate IP into the company's business strategy
- Make sure that trade secrets are kept within the enterprise and prepare, where appropriate, confidentiality agreements
- Make sure that patentable inventions are not shared with others or published before filing a patent application
- For export-oriented firms, make sure IP is protected in all potential export markets
- Ensure that any modifications and/or improvements to protected inventions are further protected
- Make sure maintenance fees are paid on time

Checklist

- Conduct freedom to operate search using patent databases to develop your business strategies
- When conducting joint research with other enterprises or research institutes, or when engaging external consultants make sure that there is sufficient clarity on who will own potential IP generated from the research project to reduce derivation charges under the AIA
- Monitor the market and make sure that your IP assets are not being infringed and conversely to object to new patents that may improperly block your products.
- Use your IP portfolio as leverage when seeking sources to finance your business
- Conduct an IP Audit

Homework

Homework

- Use the Business Plan Template to ...
 - Fill in the Problem and Solution slides (one slide each)
 - Pick one other component and fill out respective slide (could be Team, Marketing, Financials, etc.)