

## INFRINGEMENT

Invoking your IPR

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### Andreas Færgemann Tycho

Now- 2006	Patent agent
2003 - 2005	1-man start-up company: <i>OCT for scanning of skin cancer</i>
1999 -2002	Ph.d from COM, DTU + OPL, Risø: <i>OCT</i>
- 1998	MSc . Eng. , DTU

## ENFORCING PATENT RIGHTS

## PATENT

A patent is a small law.

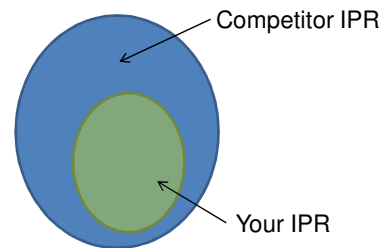
*"..a patent provides the right to exclude others from making, using, selling, offering for sale, or importing the patented invention."*

## COMMON MISCONCEPTION

*"We have a patent so we have the rights to market the invention"*

**WRONG !!**

Feature	Competitor	Your company
1	X	X
2	X	X
3	X	X
4		X



## DEFENDING YOUR RIGHTS



## INFRINGEMENT: CONSEQUENCES (FROM THE COURT)?

- Activities are stopped
  - May/may not be costly
  
- Damages
  - US: Extremely high (punitive)  
Trial cost: ~3 million US\$ (win or loose)
  
  - Germany  
/Denmark: Lost profits or reasonable royalty  
(low)

## MOTIVATORS FOR NON-INFRINGEMENT

## Small business

- Fear (cost and customer loss)
- Credibility
- Investor relations

## Large business

- Reputation
- Cost
- Discovery

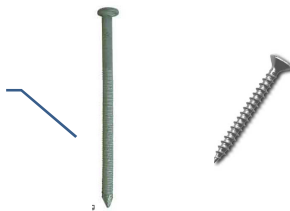
INFRINGEMENT STRATEGIES: PATENTEE

Infringer / Patentee	Large business	Large start-up	Small start-up	Sales/import business
Large business	Truce	License (controlled competitor)/ buy them	Don't care/send message to market	Crush
Large start-up	Seek license/use public/trade licenses	License (control them)/trade/crush	Don't care/send message to market	Crush
Small start-up	Buy us?/use public/trade licenses	Trade licenses/seek licenses	Wait	Irrelevant
"Patent shark"	Crush	Crush	Crush	Crush

INFRINGEMENT: MAKING, USING, SELLING, OFFERING FOR SALE, OR IMPORTING OF WHAT?

Literal infringement

Hanging means, such as nails or screws

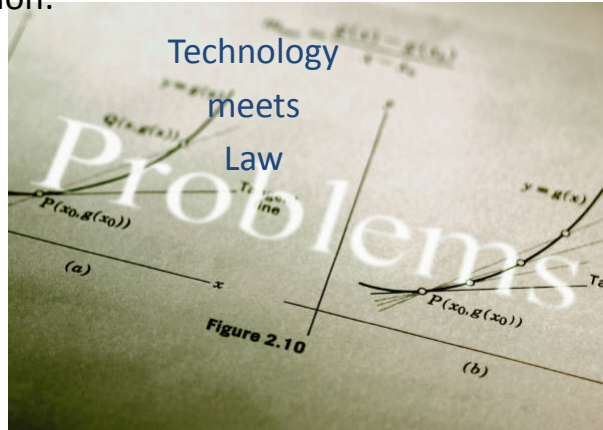


Equivalent infringement?



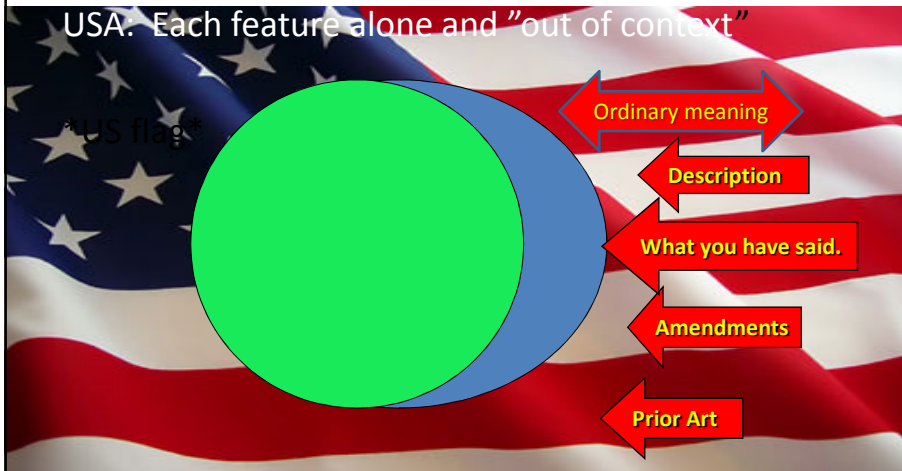
WHY ARE PATENT-CASES SO EXPENSIVE?

Interpretation:



INTERPRETATION/EQUIVALENCE DIFFERS AROUND THE WORLD

USA: Each feature alone and "out of context"



## INTERPRETATION/EQUIVALENCE DIFFERS AROUND THE WORLD

*Article 69 of the European patent convention:  
provide a middle road between the various approaches in  
Europe:*

The very strict in UK

The more liberal approach in Germany and The Netherlands &

The very broad approaches in countries such as France

The interests of  
the patentee

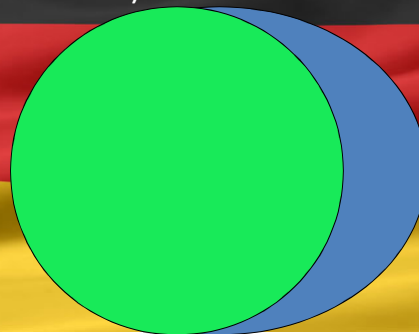
The interests of  
3. parties



BALANCE

## INTERPRETATION/EQUIVALENCE DIFFERS AROUND THE WORLD

Germany: What skilled person understands in light of  
the entire patent rather than a literal meaning. (the  
inventive idea)



Inventive idea

Description

~~What you have said.~~

## INTERPRETATION/EQUIVALENCE DIFFERS AROUND THE WORLD



UK: In between US and Germany (~mainland Europe)



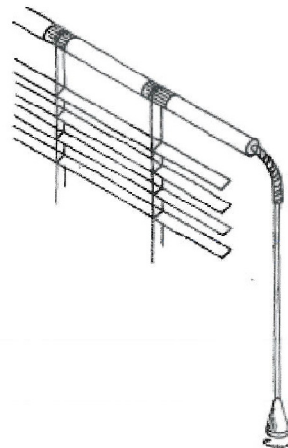
DK: Going forth and back (mostly like Germany)

## A DANISH EXAMPLE: THE FABER CASE (1)

## The patent:

Claim 1 (freely translated)

A device for adjusting of a blind *characterized in that* the adjustment mechanism is directly attached to a freely hanging adjustment bar



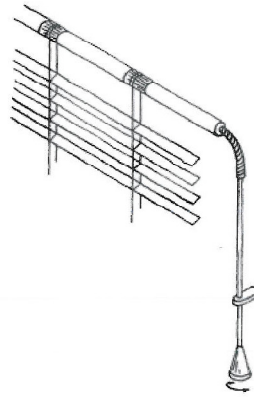
A DANISH EXAMPLE: THE FABER CASE (1).

Infringer:

Not hanging freely

Patentee added this feature in an argument before the Patent Office saying: "it is important"

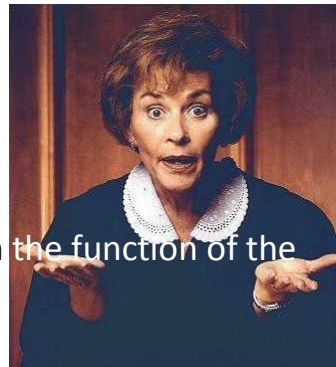
*Infringement?*



A DANISH EXAMPLE: THE FABER CASE (2).

Court rules: YES

The holder has no bearing on the function of the adjustment bar.



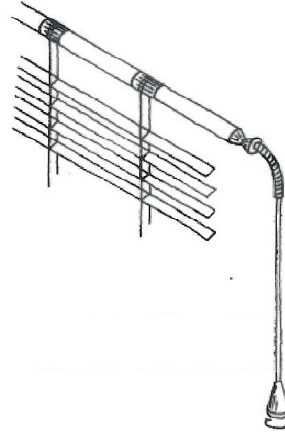
Damages (1962): Kr. 30.000

This ruling is consistent with extending the scope to encompass the "inventive idea".

A DANISH EXAMPLE: THE FABER CASE (2).

Infringer:

A gear is added:  
Not directly connected



Patentee added this feature in an argument before the Patent Office saying: "it is important"

*Infringement?*



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A DANISH EXAMPLE: THE FABER CASE (2).

Court rules: NO



The adding of "directly" must have meant that the patentee specified the lack of a gear.

This ruling is less (?) consistent with extending the scope to encompass the "inventive idea".



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A US EXAMPLE: CHEF AMERICA, INC VS. LAMB-WESTON, INC

### Chef America (United States Patent No. 4,761,290):

Dough products convertible by heating to light, flaky, crispy dough products are produced by applying shortening flakes to a dough, coating a light batter upon the dough product and heating the batter-coated dough to first set the batter and then subsequently melt the shortening flakes, thereby forming air cells within the batter and at the surface of the dough



A US EXAMPLE: CHEF AMERICA, INC VS. LAMB-WESTON, INC

Discussed feature of the claim:

“heating the resulting batter-coated dough to a temperature in the range of about 400° F. to 850° F.”

*Infringement?*

A US EXAMPLE: CHEF AMERICA, INC VS. LAMB-WESTON, INC

Court ruled: NO



Court refused to rewrite the claims, instead construing the claim as written, and “not as the patentees wish they had written it...” Court affirmed the district court finding that “the claim means what it says.”

TAKE HOME: INFRINGEMENT/FREEDOM TO OPERATE

Complicated: multiple factors in play

Prediction? only risk analysis possible

Litigation? expensive & unpredictable venue



## PATENT STRATEGIES

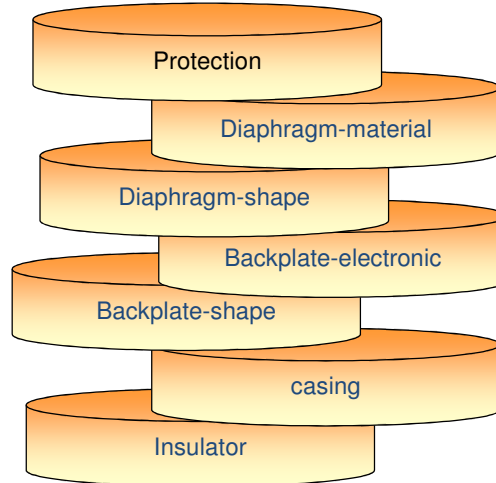
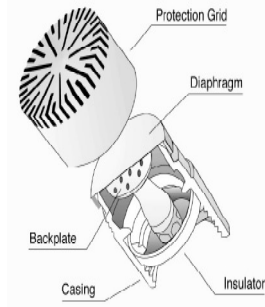
What to file?

When to file?

## WHAT TO FILE?

Commercial value?

EXAMPLE (model: Hegner Tower)



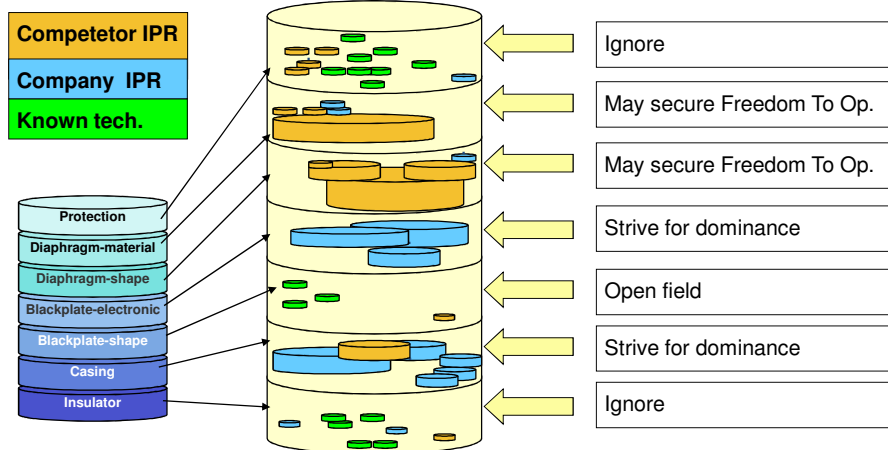
NOTE: The above material is based on the Hegner Tower Model© . You are free to use this model provided that you give written acknowledgement to the Hegner Tower Model© in publications based on this work.



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WHERE TO PLACE A NEW PATENT?



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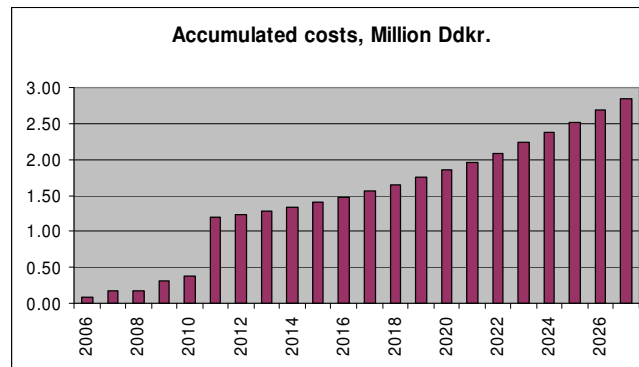
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## PATENTING IN A START-UP SCENARIO

## COST EXAMPLE



Et "verdenspatent"  
EP(alle), JP, CN, US



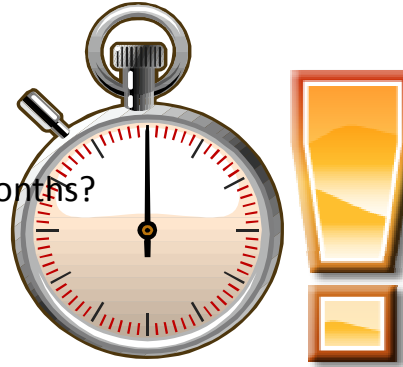
DILEMMA: FILING = STARTING THE CLOCK

Get priority before competition

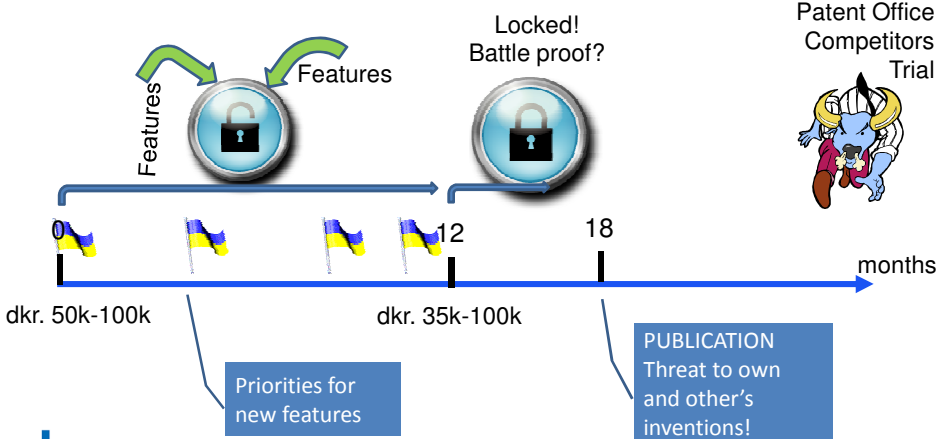
Secure rights before publication

Invention complete within 12 months?

Financed before high cost?



FILING: STARTING THE CLOCK



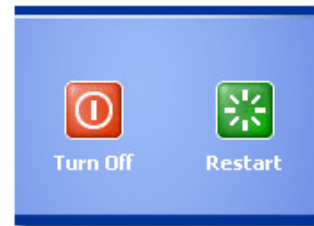
RESET THE CLOCK/RESET PRIORITY

Withdraw application (before 12 months)

Re-file application

DANGER DANGER (get help!)

- Loss of novelty?
  - You or anybody else?
- Loss of inventive step?
  - You or anybody else (e.g. thesis)



WHO READS IT?

EXAMPLE: 2<sup>ND</sup> ROUND INVESTMENT FOR SMALL START-UP

DUE DILLIGENCE PROCESS

They had:

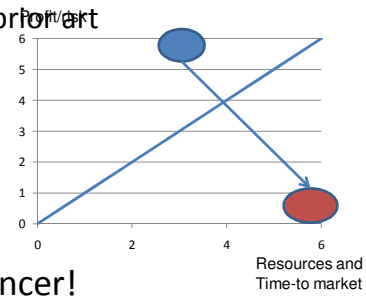
- Cure for cancer
- Excellent results
- Working prototypes.



EXAMPLE: 2<sup>ND</sup> ROUND INVESTMENT FOR SMALL START-UP

They had the usual problems:

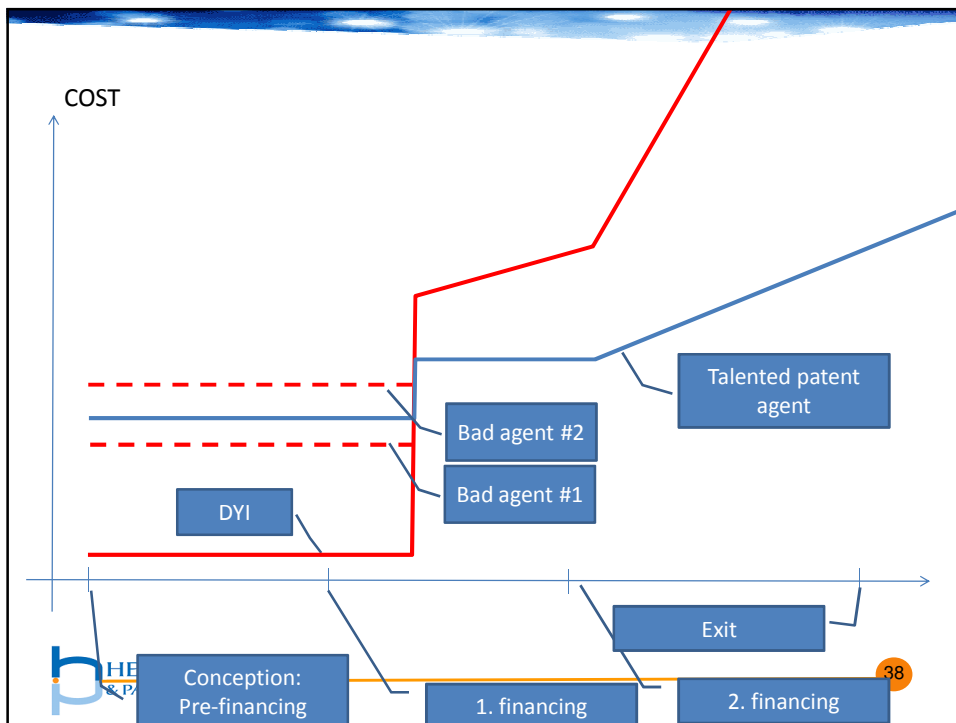
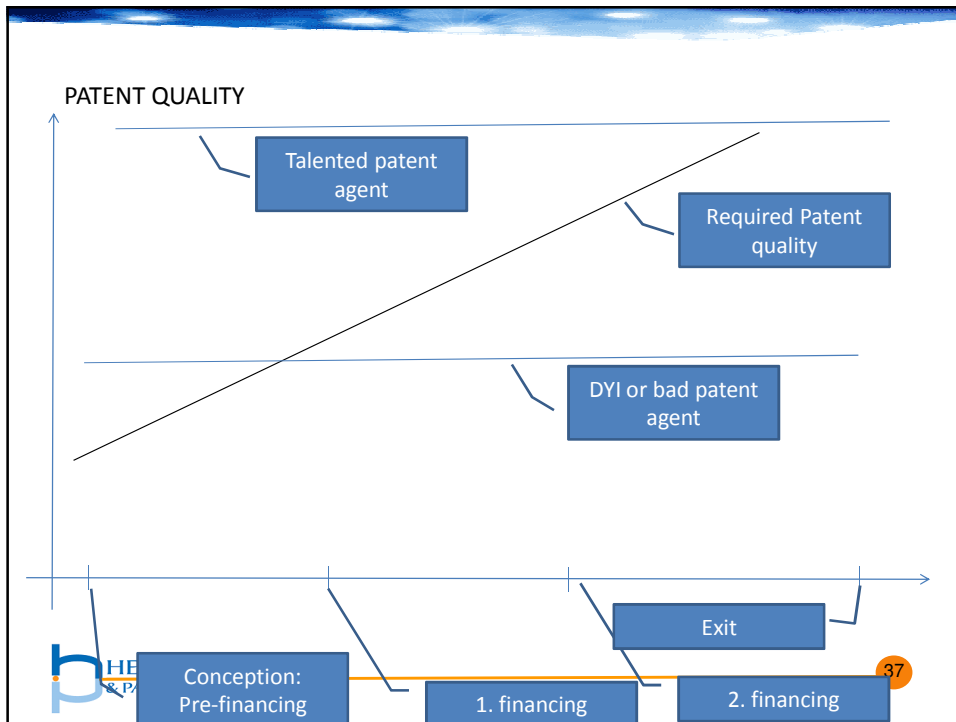
- Own PhD thesis as dangerous precedent



They almost lost the cure for cancer!

IPR was key in their case!

PATENTING OPTIONS VS. COST



## EARLY PHASE PATENT STRATEGIES

### Three main scenarios

1. University financed
2. Start-up finances
3. Self-financing

## UNIVERSITY FINANCES

### Advantage

- low-risk
- Full-cost drafting
- Extra partner during start-up

### Disadvantage

- Reduced freedom
- Extra partner during start-up
- University share

## START-UP FINANCES

### Advantage

- low-risk
- Possibility of full-cost drafting
- Freedom in choice of patent attorney
- The IP in your head is investment capital (CAREFUL: any co-inventors?)

### Disadvantage

- Drains start-up funds (BUDGET !)
- IP capital is "fuzzy"

## SELF-FINANCED: FULL COST

### Advantage

- High investment -> High investor credibility during financing
- Freedom in choice of patent attorney

### Disadvantage

- High-risk

SELF-FINANCED: LOW COST OPTIONS #1

Lock downs what your inventions is.

Sometime necessary:

- to secure financing
- to talk to larger corporations

SELF-FINANCED: LOW COST OPTIONS #1

Hybrid-DYI

- Persuade a pro to help you
  - "Can you spend a few hours checking my application?"

Long experience concludes:

**Don't waste you money:**

(or at least don't believe that you have a quality application)

- The power is in the details
- Most likely more work in correcting than rewriting!

SELF-FINANCED: LOW COST OPTIONS #2

**DYI (reset priority)**

Do a good job:

- Find patents in the same field (mimic/copy/be critical)
- Provide as many examples as possible.
- Write "in one embodiment" all over the application
- Do not write: "...this is necessary", "always", "my invention is..." etc.

Filing: **free** (or 3k for a search)

Keep it secret (NDAs).

**Withdraw** and **Refile** within 1 year (get professional advice)

- Hopefully using a patent attorney
- Your first priority is lost!!!
- (maybe you'll get lucky and have the right stuff in there to **keep the priority**)



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TAKE HOME

Patents is often key to start-ups

Drafting strong patents requires experience

Saving on drafting will cost you later

Be careful when you save drafting costs:

If necessary DYI and recycle priority instead!



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