

Patents and Trade Secrets

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Types of Intellectual Property



▶ **Patents**



▶ **Trademarks**



▶ **Copyrights**



▶ **Trade Secrets**
(know-how)

Patents

a bargain with the USPTO

A grant from the US Patent and Trademark Office that,

- ▶ Gives the inventor the right to exclude others from making, using, selling, offering to sell, or importing their invention
- ▶ For 20 years from the date of the patent application,
- ▶ In exchange for disclosing the invention to the public.

To be patentable, Inventions must be:

- ▶ New, Useful, Non-obvious
- ▶ **Barred from Patenting**, if, before the date of application...
 - ▶ Sold or offered for sale
 - ▶ In use or available to the public
 - ▶ Publically disclosed
 - ▶ Forfeits your US rights in one year.
 - ▶ Forfeits your rights immediately in many foreign countries.



Filing a patent application

▶ Patent Attorney writes the patent application describing your invention IN DETAIL: specification, drawings and claims.

▶ Costs about \$5k in attorney fees.

I Claim: A writing utensil, comprising:

an outer casing made of a first material;

a graphite core formed within the outer casing; and

an eraser fixed at a first end of the outer casing.



Would these infringe?

- ▶ An infringing product must contain every element in a claim of the patent.

I Claim: A writing utensil, comprising:

an outer casing made of a first material;

a graphite core formed within the outer casing; and

an eraser fixed at a first end of the outer casing.

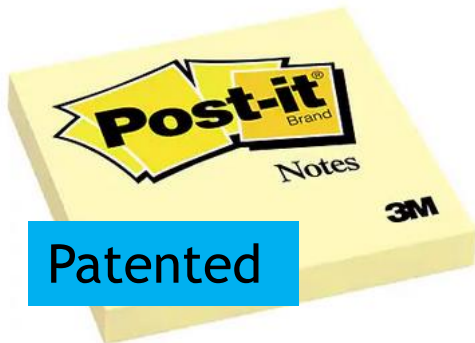


Patenting Process

- ▶ Conceive of new, useful, non-obvious idea.
- ▶ Not barred by a sale, offer for sale, public disclosure **SO KEEP IT SECRET.**
- ▶ Use a patent attorney to file the application. **Will your claims be broad enough to keep out the competition? To get your money back?**
- ▶ Prosecute the application (argue with the patent office for allowance) over about 3 years. About another \$5k - \$10k.
- ▶ Pay the allowance fee for your GRANTED patent!!! (about 60% of applications are granted)

Patenting versus Trade Secrets

- ▶ Patenting is expensive.
- ▶ Holding your ideas as TRADE SECRETS may be better.



Patented



Held as a Trade Secret

Trade secrets

- ▶ Almost **ANY BUSINESS INFORMATION** that:
 - ▶ has economic value by NOT being generally known, **AND**
 - ▶ is not easily revealed by examining the product, **AND**
 - ▶ is subjected to reasonable efforts to keep it secret.



Trade Secrets vs. Patents

TRADE SECRET	PATENT
Wide range of “information”	Product, Process, article of manufacture, chemical composition
Independent economic value by NOT being known...	New, useful, non-obvious
<u>Never disclosed publically, but you MUST keep it secret.</u>	<u>Must be publically disclosed</u> in your patent application
Potential to keep secrets forever	20 year “right to exclude,” then given to the public.

To Patent? Or Not?

	Favors Trade Secret	Favors Patenting
Invention useful beyond 20 year patent life?	YES	NO
Easily reverse engineered?	NO	YES
Invention detectable in the final product?	NO	YES
Invention embedded and NOT obvious?	YES	NO
Likely to be independently discovered soon?	NO	YES



Choose the protection that favors your business