8 TIPS FOR HOW TO OBTAIN PATENT PROTECTION ON A BUDGET

A common misconception among entrepreneurs and business owners is that patent protection is expensive and such expenditures are difficult to forecast. This article, written for Guided Imports by Daniel Xu, a patent attorney in California, offers some tips on how to obtain patent protection that meets the business objectives of your company without going over budget.

1. **Understand the Types of Patents Available** – The United States Patent & Trademark Office (USPTO) grants ***three types of patents***: (1) **utility patents**, (2) **design patents**, and (3) **plant patents**.
(1) A **utility patent** is the most common out of the three and can be used to protect physical products, compositions of matter (e.g., chemical compositions), or methods of using or manufacturing a product. In 2015, approximately 93% of all patent applications filed with the USPTO were utility patent applications.
(2) A **design patent** protects the ornamental design or shape of an invention and cannot be used to protect any functional aspects of the invention.
(3) A **plant patent** protects any new and distinct variety of plants which can be asexually reproduced (i.e., not through seed propagation). Since plant patents are really only appropriate for horticulturists and plant breeders, the rest of this article will only focus on utility patents and design patents.
Utility patents and design patents are not mutually exclusive and many companies obtain both utility patents and design patents covering the same product. The amount of time needed to prepare a utility patent application is usually much more than the amount of time needed to prepare a design patent application and the costs of such applications differ as a result. Utility patent applications can further be broken down into provisional patent applications and non-provisional patent applications. Provisional patent applications can oftentimes be prepared for less than their non-provisional counterparts and the costs of such applications will be discussed in more detail below.

2. **Determine Why You Are Seeking Patent Protection** – Entrepreneurs and business owners file patent applications for a variety of reasons. While the most common is to eventually obtain an issued patent as a preventative measure against possible intellectual property infringement, other reasons include filing one or more patent applications a) to satisfy an investor demand as part of a financing or (b) to be able to put patent patenting on marketing or fundraising materials. ***Communicating your reason(s) for filing a patent application to your patent attorney in advance can help you and your attorney figure out ways to achieve your objective in the most cost-effective manner***.

For example, if the motivation behind filing a patent application is to prevent design arounds from prospective competitors (i.e., knockoffs with slight tweaks), such an application should include text descriptions and, preferably,

pictures of alternative versions of your product with such design-around features. Since this type of application will often require more work on the part of your pattern attorney, the cost of preparing such an application is often more than an application that only covers your actual product. If the lifecycle of your intended product is only, for example, five years or less, perhaps preparing and filing one or more shorter or more focused applications is more appropriate for you than filing one comprehensive application that will serve as the foundation for your patent portfolio for the next ten or fifteen years.

In some cases, entrepreneurs or inventors new to the patent process have told me that their reason for filing a patent application is to avoid being sued by a competitor who has a patent on a similar design. This, unfortunately, is **not** a valid reason. It is important to remember that an issued patent only grants the patent holder the right to exclude others from making, using, selling, offering for sale, or importing into the United States the invention. Somewhat counterintuitively, a patent does not grant the patent holder the right to make, use, sell, offer for sale, or import into the United States the patented invention; in other words, a patent holder can still be sued by someone else for infringing on that other patent holder's previously issued patent. If infringement of someone else's patent is your concern, it is crucial that you point this out to your patent attorney and request an infringement (or what is sometimes called a freedom-to-operate) analysis.

3. **Set a (Realistic) Budget** – It is important to ***set a budget that realistically covers the amount of work needed to obtain the type of patent you desire and to convey this budget to your patent attorney in advance.*** I emphasize the word "realistically" because clients often underestimate the costs associated with preparing and filing a patent application unless they have gone through the process before. According to a comprehensive survey of U.S. patent practitioners conducted in 2014, the average legal fees for preparing a utility application was between approximately $7,000 and $10,000 (with simpler inventions on the lower end and more complex inventions on the higher end). However when you add in government fees over the life of the patent, legal fees in connection with the examination of the application, and other administrative fees, ***the cost of a utility patent from beginning to end can add up to $20,000 or more*** (with such fees spread out over the 20 year term of the patent). Unlike utility patents, ***the cost of a design patent from beginning to end is usually around $5,000***.

Knowing these fees can help you arrive at a more realistic budget for your patent needs. Even patent attorneys that charge on a per hourly basis can oftentimes tailor their work product (i.e., allocate the appropriate amount of time spent on your project) to meet your budget. For example, if your budget for a new utility patent application was $8,000 for a complex mechanical invention having numerous alternative designs or features, your patent attorney can help you narrow down your designs to two or three crucial designs or features that you anticipate will be the most commercially valuable and draft most of the application around these designs or features.

4. **Leverage Your Smartphone for Invention Disclosures** – An "invention disclosure" is the step in the patent process where the inventor or inventors describe the invention to a patent attorney. There are no formal rules for an invention disclosure and the actual disclosure can take place (1) in person, (2) via video conference or teleconference, or (3) completely over email. In fact, I have worked with many inventors who I have never actually met in person. In all such cases, the goal of any effective invention disclosure is to explain the invention (and any alternative variations of the invention) to your patent attorney in as much detail as possible so that the patent attorney can ultimately capture the subtle nuances of your invention in written form. To make best use of the time you have available with your patent attorney, ***it is often beneficial for the inventor or inventors to initially write up a document that explains the invention in their own words***.

However, when faced with such a task (and especially when the invention is rather complicated), inventors often do not know where to start and are bogged down by information overload (or the aptly named, paralysis by analysis). In cases like these, I often tell inventors to ***pull out their smartphones and take a video of them using the invention while they narrate how the invention works, how the invention is made, and the benefits of the invention over others out in the marketplace***. Even if a physical model or prototype of the invention is not available, I encourage the

inventors to take a video of any sketches or CAD renderings of their invention (either on their computer or on paper) and go through the same process as if the actual prototype is in front of them. Once this video is made, the inventors can either share it directly with their patent attorneys (something I recommend) or transcribe it into written form along with screenshots from the video. Sharing this video or written disclosure with your patent attorney before any formal meeting or telephone call is a cost-saving measure (both in terms of time and financial cost) as this initial bit of information will provide your patent attorney crucial context prior to any formal meetings or calls with your patent attorney. For example, your patent attorney can come up with questions beforehand that best takes advantage of the time they have available with you in person or over the telephone. In cases where the invention disclosure is to be done completely over email, this video or written document can cut down the number of emails exchanged between the inventor(s) and the patent attorney so that the patent attorney can start writing the patent application as soon as possible.

5. **Be Prepared** – When starting the patent process, it is helpful to ***collect and organize all documents, files, and other information concerning your invention in advance*** and have such documents and files ready to send to your patent attorney. Files that are useful for understanding your invention include (but are not limited to): (1) computer-aided design (CAD) files, (2) images or videos of your invention (as previously discussed), (3) hand drawn drawings or sketches (if any), (4) slideshows or PowerPoints concerning your invention, and (5) laboratory notebook pages or circuit diagrams (if applicable). Any information concerning (6) the dimensions of your invention or (7) the materials used to make your invention (such as a Bill of Materials) should also be provided to your patent attorney. Once your patent attorney has received all of your files and documents, the attorney can provide you a quote or estimate that accurately reflects the scope of the work based on the information provided. It is also important that you not send such files or documents piecemeal to your patent attorney as new files or documents provided after a quote has been provided by your patent attorney could add to the cost of the application beyond what was initially quoted.

6. **Consider a Placeholder (or Provisional) Patent Application** – A provisional patent application is a less formal version of a utility patent application that allows an inventor to use the filing date of the provisional patent application as the filing date of a more formal utility application (called a non-provisional application) filed later on. Since the non-provisional application must be filed within 12 months of the filing date of the provisional application, ***the provisional application is better thought of as a placeholder application which expires after one year***. At this point, someone might ask: what is the benefit of a provisional application if I eventually must still file a non-provisional patent application (thereby making me pay twice)? A good answer to this question is that since ***a provisional patent application is not examined by the patent office and is not published at the time of filing*** (it will eventually publish if and when a non-provisional application is filed later), it can usually be prepared for much less than a non-provisional patent application (e.g., between approximately $3,000 and $4,000 for relatively simple inventions). This can give the inventor or application owner time to gauge the market or investor interest in a product before having to commit to the cost of a non-provisional application.

One important thing to remember is that any inventive concepts or features discussed or depicted in the later filed non-provisional application but not discussed or depicted in the provisional application will not receive the earlier filing “placeholder” date and will, instead, get the later filing date of the non-provisional application. This can cause a problem if the inventor mistakenly assumes that a previously filed provisional application protected all aspects of the invention and goes out and publicly discloses concepts or features not explicitly written or depicted in the provisional patent application. A good rule to keep in mind is ***not to publicly disclose (including at conferences, via calls, videos or social media, etc.) any aspects of the invention that was not included in the provisional patent application***. If in doubt, ask the patent attorney who prepared your provisional patent application to give you the go-ahead before any planned public disclosures. It is usually not too difficult to add the soon to be disclosed information to a previously filed provisional application and file this new application as a second provisional patent application.

Another benefit of filing a provisional patent application is that ***an inventor can refer to a product described in the application as "patent pending" as soon as the provisional patent application is filed*** (this also holds true for the filing of non-provisional applications as well). One other thing to remember is that provisional patent applications are only available for utility patents and not available for design patent applications.

7. **Consider a Design Patent Application** – As previously discussed, ***if the ornamental design or shape of your product is what separates your product from those already in the market, you might want to consider pursuing a design patent*** rather than the more traditional utility patent. Some products that might be better covered by a design patent include jewelry, shoes, handbags, furniture, dinnerware or cutlery, and certain articles of clothing. The term of a U.S. design patent is 15 years from the time of grant and most design patent applications (especially ones that meet the patent office's strict guidelines for drawings) are granted within 12 to 16 months. Also, as previously discussed, the cost of a design patent, from start to finish, is approximately $5,000 rather than the tens of thousands of dollars required of a utility patent. It is also important to emphasize that a design patent cannot be used to protect any functional aspects of an invention and such functional aspects should be protected by a utility patent.

8. **Expedite Examination** – The examination of any utility or design patent application can be expedited for an additional government fee. While it may seem contradictory to suggest paying more to reduce costs, ***paying this extra government fee might save you more legal fees during examination than the cost of the extra fee if the application is granted quicker than a non-expedited application***. Since most patent attorneys charge for preparing written arguments in response to correspondence from the patent office, cutting down on the number of back-and-forth communications with a patent examiner will usually save you legal fees overall. It has been my experience that patent examiners assigned to expedited applications are more motivated to work with an applicant to find some allowable subject matter in the claims of a patent application than examiners assigned to non-expedited applications. The cost of expediting an application filed on behalf of a company with less than 500 employees is currently around $2,000 (this fee is doubled if the company has more than 500 employees) and the cost is reduced to $1,000 if the application is filed on behalf of an inventor that qualifies as a "micro-entity" with an annual income less than approximately $150,000 per year.

About the Author: *Daniel is a licensed patent and trademark attorney at Lavine, Bagade, Han, LLP focusing primarily on helping clients obtain patents and trademarks in the United States. Daniel has drafted hundreds of patent applications for companies of all sizes ranging from one to two-person start-ups to multinational corporations such as NVIDIA and Samsung. Daniel also helps inventors minimize their patent litigation risk by counseling them on how best to avoid being sued for patent infringement. Daniel also has experience helping clients obtain patents in other jurisdictions outside of the United States including China, Europe, Japan, Canada, and Australia. In addition to patents and trademarks, Daniel also helps clients draft non-disclosure agreements (NDAs), intellectual property assignment agreements, and licensing agreements. Besides his law practice, Daniel also teaches a course in intellectual property law at the extension program of UC Berkeley. Daniel holds an M.S. degree in biomedical engineering from UCLA, a law degree from Duke University, and a bachelor's degree from UC Berkeley. Daniel is a member of the state bar of California and is registered to practice before the United States Patent and Trademark Office. Daniel lives in the San Francisco Bay Area and is fluent in Mandarin Chinese.*