

## **Using Patents as Business Tools: All I Really Need to Know About Using Patents I Learned in Junior High Shop**

Although Robert Fulgham learned it all in kindergarten (and wrote it down much later to become a best-selling author), it wasn't until junior high that I really learned the basics of using tools properly. I went to school in a Pennsylvania steel mill town in the sixties, which meant mandatory wood shop and metal shop classes. In addition to the raw materials and plans for making a rudimentary door stop and paper punch, we were provided with a few fundamental shop rules before we began using the tools. Patents are sophisticated tools of commerce, yet they share essential characteristics with much more mundane tools. The following six rules from shop class provide a basic framework for using the patents in your company's toolbox.

### **Rule 1. Use the right tool for the right job in the right way.**

This primary shop rule stresses knowledge of the tool, the material of the work piece and their interaction. A tuned jack plane quickly smoothes the surface of a rough wooden plank. If you try this tool on a block of metal, however, you'll quickly damage the edge of the plane's blade. Patents, copyrights, trademarks, and trade secrets are different forms of intellectual property that can be employed for distinct benefits. It's not enough to understand just what they protect, how long they last and how to obtain them. To commercially benefit from any of them, it is essential to understand how each can be appropriately employed for the specific business need at hand. In this article, I'll provide guidance about using U.S. utility patents for apprentices.

Utility patents provide a temporary exclusionary monopoly on machines, processes, manufactured items, compositions of matter, software, business methods and improvements on any of these. While a "temporary right" is generally understood, there is often confusion over "exclusionary right". Being granted a patent doesn't mean you have a green light to use it, since there may be dependencies on other valid patents.

Suppose I get a patent on a circular saw blade with novel teeth, and I know that you already have a valid patent that covers the only way to attach these teeth to a saw blade disk. I can't make, sell or use saw blades using my patented teeth without willfully infringing your patent due to your exclusionary patent rights. My own exclusionary rights block you from using my patented teeth on saw blades you manufacture with your patented process. Instead of maintaining a blocking patent standoff, there may be additional commercial opportunities for both of us by negotiating a business agreement. Just as you might occasionally need an extra hand when handling a large work piece in the shop, explore opportunities having mutual benefit with other patent owners.

In the workshop, cutting tools rely upon greater hardness than that of the material being cut. When a softer tool is applied to harder work piece material, the roles of tool and work piece reverse. That is, the harder work piece actually becomes a destructive tool working on the cutting edges of the applied tool. Trying to employ a weak patent in a difficult competitive circumstance may result in exposure of this weakness and costly damage to your patent. For example, you might have your patent's validity challenged or stimulate counter claims of infringement by your products of your competitor's patents. Before exerting your patent rights, assess the strength of your patent, the patents held by

your competitor and the track record of your competitor regarding patent disputes. You want to know whether you really possess the stronger tool before starting any dispute.

Forcing a power tool to cut at the wrong speed can lead to overheating of the cutting edge, resulting in a loss of hardness, or temper. Even if the tool remains harder than the material being cut, the cutting edge will become dull more quickly. Excessive friction can then create burn marks or produce a ragged cut. While you are becoming familiar with new tools, it's appropriate to take a couple of practice cuts and "sneak up" on the final dimension desired. In this manner, you may be able to hone your skill without risk of permanent damage. When you are an apprentice in exerting patent rights, proceed cautiously and seek the assistance of a craftsman. Don't force a contentious exchange that could result in summary judgments of invalidity and non-infringement or spoil the opportunity for a profitable licensing agreement.

## **Rule 2. Keep your cutting tools sharp.**

Cutting edges become dull through use, and other tool parts require periodic maintenance to work effectively. Over-exertion of a patent may motivate your competitors to invest heavily in work-around approaches or validity challenges. As the stakes are raised, you may even create powerful motivation for competitors to join forces against you. If you have a strong patent, by all means use it to reap appropriate strategic commercial value. But also invest in developing and protecting extensions of this patent to maintain a fresh edge. Anticipate technology evolutions and prevent your competition from acquiring blocking patents. A sharper tool provides a cleaner cut with less applied force. Negotiations with competitors will require less pressure if you have a comprehensive toolbox full of the keenest tools.

A cutting tool carelessly stored in a heap on the bench is easily damaged. Even when properly stored, corrosion can create permanent damage in the absence of preventative maintenance. Failure to pay a scheduled patent maintenance fee will eventually result in expiration of your patent. If you don't keep track of who is using your tools, you increase the likelihood of losing them or having them become damaged. Not monitoring and defending your patent can also result in weakening its commercial value through the doctrine of laches. That is, neglecting to notify possible infringers or intentionally waiting until damages are higher can lead to a reduction in your financial recovery.

Like other professional tools, patents can be sold, rented or shared. Tools that are no longer used are disposable, irregardless of how much was spent on acquiring them. Craftsmen will dispose of expensive tools they don't really need while they still have some value to another craftsman. If your patents are just sitting idle in your toolbox, paying for maintenance fees or other expenses may not be wise investments. If you don't anticipate a future need for your patent, first look for an interested party that could use it. If you are uncertain about your future needs, you can structure a licensing arrangement in which you retain some rights. Of course, you should expect a lower royalty rate with a non-exclusive license.

Unlike physical tools, the intangible nature of patents allows you to license your patent to multiple parties simultaneously. Even if you decide to just let your patent expire, you will still have access to this tool. The downside is that everyone else will have free access to it as well. If your disposable patent still has value to a competitor, paying the

maintenance fee will prevent them from having free access to it. Unlike trademarks, you don't need to actually use a patent to maintain your exclusive rights.

**Rule 3. Be aware of what's going on around you at all times.**

Anticipate possibly dangerous activities and prevent them. Protect yourself from your own actions as well as the actions of others in the vicinity. The commercial value of patents can't be considered in a vacuum. Critically assess the strength of your patent portfolio and products from an outsider's perspective. Where are you vulnerable? If you exert your patent rights, what possible responses can you anticipate? How do these change your approach in gaining business leverage with your patent rights now? Study your competition to anticipate their position and likely actions. Are their existing patents relevant? Are they weak or strong? What can you infer about their technology investments in recent years? Project the possible impact of their actions on your business. How will you protect your business interests under different scenarios?

Complacency in the shop eventually leads to injury. For example, a relatively safe tool like a drill press becomes very dangerous when an inadequately secured work piece becomes a projectile flying across the room. If you have no patents, or choose not to use the ones you own, you can't neglect the danger to your products and business from your competitor's patent portfolio. If you are not completely comfortable with the objectivity or thoroughness of your risk assessment, investing in impartial outside expertise provides good value.

**Rule 4. Don't operate machinery while you are tired or otherwise impaired.**

In the shop, this rule refers to the use of alcohol or prescription drugs. Ego, especially when fueled by testosterone and adrenalin, can seriously impair judgment in patent disputes. When a competitor tries to exert patent rights through a strongly-worded cease and desist letter, hormonal responses may be triggered. When the recipient of the letter is a founding entrepreneur or the inventor of core technology, the probability of a hasty or imprudent response is higher. Until the rush subsides, stay out of the shop. Don't neglect to provide a timely response, but don't be afraid to ask for an extra few days to properly analyze the claim. Think through the consequences of your response and obtain the feedback of others who will be more objective.

Dispassionate reasoning when exerting your patent rights against competitors is also appropriate. Remember that whether you are a Fortune 100 company or an SME, a desirable outcome of a patent dispute is a quick business resolution of the issue. This allows both parties to focus on their primary business activities. As in any other negotiation, knowledge is a powerful asset. Get a handle on the facts of the case, learn what you can about the other party and anticipate what will result in a deal that both parties will accept. If you have proactively assessed the competitive threat using Rule 3, you should be prepared to respond quickly and confidently.

**Rule 5. Don't use somebody else's tools without permission.**

If you want to borrow tools, it's a good idea to have some complimentary tools of your own available for loan. In your marketplace, be particularly aware of what patents your competitors own, and how they relate to your own patent portfolio. Large companies

have internal intellectual property staff to assist the design engineers in avoiding patent disputes. Formal processes are in place to ensure new product designs are reviewed for infringement risks prior to release. Broad cross-licensing agreements provide a path for large companies to participate in an industry with greater freedom.

If you're an SME, the overhead expense of such a comprehensive approach would be excessive. Even a modest investment in understanding the intellectual property landscape risks your company faces may improve your odds as you gamble with your product development expenditures. The sooner this assessment is done in the development process, the less expensive and lower risk design changes will be. You're obviously in a much weaker position in negotiating a rate to license someone else's essential patent after you release your new product. Make certain you legally own company innovations by having intellectual property assignment agreements in place with your employees.

## **6. Measure twice and cut once.**

This rule not only completes the loop back to Rule 1, it encompasses all the rest if broadly interpreted. It reinforces the need to thoroughly plan and check assumptions before acting. If you simply want to collect tools, all you need is enough money. If you want to benefit from using tools, focus first on your specific project goal. To make a masterpiece in the shop requires an understanding of what tools are needed, their operating principles, what you can do with each of them, how to take care of them, how to use them safely, and advanced planning of the sequence and specifics of necessary actions. This is a much larger undertaking than the mere act of buying a tool.

The same is true of patents. Don't spend all of your effort on indiscriminately acquiring them. Think through how getting and using specific patents support your business strategy. It is invariably easier to obtain a weak patent than to profit from one. For smaller enterprises in niche markets, the first few patents may provide significant marketing benefit even if these patents are relatively weak. Consider this to be akin to the pride of new tool ownership, a benefit obtained before a new tool is put to the test. As a small company becomes more successful, other companies will be motivated to scrutinize whether these patents actually have tangible, sustainable value. Make strategic decisions about investing in patent applications, consider alternative forms of protection including public disclosure to protect your access to your innovations, and employ patents judiciously to further your commercial strategy.

Since I didn't attend kindergarten, I can't claim that I learned anything there. The door stop and paper punch I made in junior high shop were discarded decades ago. What I learned in making them, however, is still applied today in my consulting work. The right patents used for the right purpose in the right manner can bring substantial benefit to your business. Owning patents is not an end in itself, but a means to generate value when they are used properly. So put on your safety glasses and seriously consider how to use your patents for more than a method of motivating technical staff or boosting the corporate ego. Fill your patent toolbox with discretion and remember the shop rules above as you use your patents to further your business objectives.

Oh, and don't forget to keep your tie out of any moving machinery while you're doing it.

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