MSU Patent Policy Handbook
June 26, 2002

The MSU Patent Policy (herein the "Patent Policy") was adopted by the MSU Board of Trustees on February 14, 2001. A complete copy of the Patent Policy can be found on the web at http://www.msu.edu/unit/facrecds/FacHand/patents.html. This handbook has been prepared to help interpret the terms contained in the Patent Policy and related administrative practices.

This handbook will be updated from time to time as new questions or policy interpretations arise. For assistance or additional information, please contact the MSU Office of Intellectual Property (OIP) by visiting Room 246 Administration Building, or by calling 517-355-2186.

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FREQUENTLY ASKED QUESTIONS

1. How do I disclose my invention to OIP?

The MSU Invention Disclosure form (http://www.msu.edu/unit/oip/disclosureform.html) should be printed out from the OIP web page and filled out and signed by all the inventors. The form should be sent to OIP with all supporting data and copies of all literature references. Submitting complete information helps OIP to make informed and timely decisions and will make it easier for an attorney to draft a patent application in the event that the University decides to file one.

2. When should a disclosure be made?

Here is what the Patent Policy says:

> *In order to assist the University in protecting University Inventions, University employees and students (including postdoctoral appointees, graduate and undergraduate students) shall disclose any University Inventions to the University prior to disclosing such discoveries or inventions through publications, presentations, or communications with third parties (including research sponsors) in a manner which may inhibit or preclude the University from obtaining patent protection. Such disclosure may also be required to comply with legal and/or contractual obligations owed to governmental or non-governmental research sponsors. University faculty shall not disclose University Inventions in the course of performing Outside Work for Pay unless and until the University has had the opportunity to take the steps necessary to protect University Inventions through patent or otherwise.*

Thus, for a variety of reasons, earlier is generally better than later for filing a disclosure. Aside from minimizing downstream delays in publication and presentations, an early disclosure reduces the likelihood of irreversible error and facilitates the collection of needed signatures and records from students and postdocs who may leave the University (and the country!). See also #11, below.

3. What is the scope of the Patent Policy?

The Patent Policy covers all "University Inventions" as that term is defined within it:

> *Any discovery or invention which a) results from research carried on by, or under the direction of, any employee of the University which is supported by*

> *University funds or by funds controlled or administered by the University, or b) results from an employee's duties with the University, or c) has been developed in whole or in part through the utilization of University resources or facilities not available to the general public shall belong to the University ("University Inventions").*

A discovery or invention need not be patented or patentable to be a University Invention. Cell lines, plant varieties and other biological materials are examples of inventions that might be protected by other means.

The Patent Policy does not cover copyrights, trademarks, service marks or trade secrets.

Copyrights are covered by the MSU policy entitled "Development of Copyrighted Materials", which was adopted by the Board of Trustees on June 22, 2001. Found at http://www.msu.edu/unit/facrecds/FacHand/develpcopyright.html, the policy is administered for the Provost by the Associate Vice President for Research & Graduate Studies.

The official logos of the University and its sports teams are administered and licensed by the Office of University Licensing Programs. The University infrequently seeks trademark protection for new inventions or discoveries, as such protection is rarely meaningful until a product is nearing market introduction. Plant varieties constitute a notable exception, where the inventors may propose a trademark and OIP may include trademark rights along with the other intellectual property rights that are licensed to commercial growers. In some cases, trademarks or service marks are sought in conjunction with copyrighted materials owned by MSU, such as software or multimedia packages; questions regarding such marks should be referred to the Office of the Associate Vice President for Research & Graduate Studies.

4. Who administers the Patent Policy?

The President has delegated administration of the Patent Policy to the Vice President for Research & Graduate Studies. OIP, led by the Assistant Vice President for Intellectual Property and reporting to the Associate Vice President for Research & Graduate Studies, manages the patent process, negotiates and administers licensing options and agreements, oversees MSU compliance with contracts on patent-related issues, and distributes licensing revenues according to the Patent Policy. OIP can be reached at 517-355-2186. Further information is available at www.msu.edu/unit/oip.

5. What determines whether a patent application is filed?

If an invention is made in the course of a company-sponsored research program, the sponsor typically is offered the first option to have OIP seek a patent at the sponsor's expense. If there is no contract, or if the sponsor is not interested in having the University seek a patent, OIP recommends the filing decision. Since it's costly to obtain a patent (typically $5,000 to $10,000 for a U.S. patent, and many times that much for broad worldwide coverage), OIP exercises care in reaching a recommendation to seek a patent.

OIP considers patentability in light of available references from the research and patent literature, and assesses freedom to practice in light of any third-party blocking patents. OIP also tries to anticipate whether it would be possible to enforce the patent, and whether the breadth of coverage is likely to be sufficient to provide a good franchise for a licensee. OIP also looks at market size and value, and OIP puts together an intellectual property commercialization plan. This process requires a great deal of information, much of which is supplied by the inventors. Accordingly, OIP asks to meet with the inventors at the time they submit their invention disclosures (if not sooner), and asks inventors to work closely with OIP and with the patent attorney during each step of the process.

Some inventions can be adequately protected without patents. Certain plant varieties may be protected under the Plant Variety Protection (PVP) Act or by trademark. OIP may protect cell lines and other biological materials simply by requiring licensees to sign an agreement limiting their right to distribute the material to third parties. Royalties from such inventions will be distributed according to the Patent Policy, even though there is no patent. In other cases, inventions may contain copyrighted material that can be licensed under the terms of the MSU policy entitled "Development of Copyrighted Materials." Software inventions are sometimes a special case, as discussed below.

6. How are software inventions handled?

MSU software is protected under copyright law, and its licensing is governed by the MSU policy entitled "Development of Copyrighted Materials." In some cases, MSU software may also be patentable, and in such cases its licensing would be governed by the MSU Patent Policy as well. The Associate Vice President for Research & Graduate Studies oversees implementation of both policies, and is responsible for harmonizing the application of the two policies for patentable software.

If the decision has been made to protect software by obtaining a patent, the patent rights and copyrights are typically licensed together, in which case the royalty distribution in the Patent Policy will apply. The distribution set forth in "Development of Copyrighted Materials" will apply otherwise.

7. How do I know if my invention belongs to the University?

The MSU Patent Policy states:

> *Any discovery or invention which a) results from research carried on by, or under the direction of, any employee of the University which is supported by University funds or by funds controlled or administered by the University, or b) results from an employee's duties with the University, or c) has been developed in whole or in part through the utilization of University resources or facilities not available to the general public shall belong to the University ('University Inventions').*

Federal law dictates that any invention created at a nonprofit research institution with Federal funding belongs to the institution. MSU's Patent Policy, like the policies of most United States research institutions, extends this principle to include all inventions funded through MSU, regardless of the source of funds.

Ideas conceived away from the University are not automatically exempt. An invention made within the scope of University research or other University duties isn't exempt from the Patent Policy merely because it was conceived elsewhere. For example, consider a professor of immunology who is studying the infectious properties of an influenza virus at MSU, and who has a flash of insight leading to a new influenza vaccine. Even if the insight occurred while the professor was surfing in California, MSU would own the patent on the vaccine. On the other hand, if that same professor conceived of an improved surfboard design on the same beach and subsequently reduced it to practice without making use of any University funds or resources, the invention would not result from the professor's duties at MSU, and the professor would be free to apply for a patent on his/her own behalf. The California beach aside, the same analysis would apply if the two different flashes of insight occurred at the professor's home.

Inventions made in the course of University-sanctioned outside work for pay may lead to conflicts. Faculty members who consult for industry or who hold temporary industry jobs (typically during the summer) are likely to be asked to assign ownership of inventions to their industry client or employer. Institutional ownership by MSU of all University Inventions is a condition of employment for faculty and other MSU personnel. This is neither diminished nor negated by the "outside work for pay" opportunity for faculty to enter into contractual obligations for personal consulting engagements. (This reflects the facts that an MSU professor's primary employment is with the University. Moreover, the University is the guarantor of faculty academic freedoms that in turn protect faculty creative endeavor.) Specific exceptions to institutional ownership of University Inventions deriving from outside work for pay must be authorized in advance and in writing through the Associate Vice President for Research & Graduate Studies. For example, exceptions may be predicated upon considerations of national security, institutional interests in promoting Michigan economic development, or the documented existence of alternative mechanisms for institutional benefit in lieu of University Invention licensing.

It should also be noted that the policy of institutional ownership of all University Inventions differs significantly from the ownership of written work products prepared in the conduct of outside consulting. Under the MSU policy "Development of Copyrighted Materials", the

fact that a copyrighted work prepared in a personal consulting engagement reflects expertise related to the faculty member's professional duties does not in itself suffice for the University to assert an ownership interest in such work. (Other factors discussed in "Development of Copyrighted Materials" may trigger an assertion of ownership by MSU.)

Student inventions. Inventions made by students in the course of University employment or University-funded work, and inventions made by students using University facilities that are not available to the general public, belong to the University. Most graduate student inventions fall into one or more of the foregoing categories. Inventions made by students who are not employed by the University, and who do not make use of University facilities or resources other than housing residences and those available to the general public (e.g., the libraries and computer labs), do not fall under the Policy. Inventions by undergraduates typically fit this description, unless they are participating in an advanced research project that is paid for by University funds or that takes place in a University research facility.

Facility Usage. Inventions which result from work in an MSU facility are owned by the University, unless the facility is a housing residence or is accessible to the general public.

Preparing to Consult. Before entering into any consulting relationship or accepting a temporary position outside of MSU, faculty should be sure to review the Patent Policy (http://www.msu.edu/unit/provost/patentpolicy.html), "Development of Copyrighted Materials" (http://www.msu.edu/unit/provost/copyrightdraft.html), and the Outside Work for Pay policy (http://www.msu.edu/unit/facrecds/FacHand/outsidepay.html). Any potential conflicts should be discussed with the relevant department chairperson and dean. OIP may be able to suggest ways to avoid or resolve such conflicts.

Summary. An invention or discovery which is a University Invention is owned by the University, no matter where or when the invention or discovery is made.

8. How is co-inventorship determined?

Inventorship is determined by patent law, based on the creative contributions of each inventor. If two or more individuals believe they are co-inventors based on their separate contributions to the work, they should all list their names on the Invention Disclosure form. If an individual contributed to the work but did not make a creative contribution, that individual may be given credit as a co-author of a publication if appropriate under the applicable standards of the discipline, but should not be listed as a co-inventor. If there is any question as to whether a given individual's contribution qualifies as inventive, the patent attorney will make the determination based on patent law. An issued patent may be subject to invalidation if it is later found that inventors were fraudulently either added to or omitted from the list. Accordingly, it is important to address the issue of inventorship at the time of filing.

During the prosecution of a patent application, it is not unusual for some of the claims to be dropped. This can happen, for example, if the claims in question are found to lack novelty in light of the prior art. If the dropped claims represent the only contribution of an individual to the invention, that individual must be dropped from the list of co-inventors as required by patent law.

9. How do co-inventors share licensing proceeds?

The inventors should decide among themselves how they plan to divide the inventors' share of licensing proceeds and provide that information in writing at the time they submit the invention disclosure to OIP, or as soon as possible thereafter. If the inventors have not provided that information and are unable to agree by the time the first royalties are received, OIP will attempt to mediate a compromise. If a compromise acceptable to all the inventors cannot be reached in a reasonable time, OIP will request intervention from higher administrative authority.

As mentioned in #8, above, it is possible that a person who is listed as a co-inventor at the time a patent application is filed will no longer be a co-inventor when the patent issues. In such cases, the individual in question will no longer qualify under the Policy to receive a share of royalties, and OIP will increase the shares of the remaining co-inventors proportionally according to the formula that they had previously agreed upon. For example, suppose there were three presumed co-inventors, A, B and C, at the time of filing who had agreed to split the inventors' share 2:2:1 respectively. If only A and B are listed as co-inventors at the time the patent issues, they will split the inventors' share equally from that time on. If only A and C are listed at the time the patent issues, they will split the inventors' share 2:1. In either of the foregoing examples, OIP is willing to adjust the sharing formula, but only if all the individuals who are still legally classified as inventors make this request unanimously.

Notwithstanding the preceding paragraph, any inventor may irrevocably assign up to 100% of his/her share of royalties to any other party, including Michigan State University, by providing OIP with an executed assignment. The assignment shall take effect upon the next royalty distribution following the date of its receipt in OIP.

MSU inventors who leave MSU continue to receive the royalties due them under the Policy.

10. How does sharing take place if co-inventors are employed by different institutions?

If the joint invention has resulted from a formal collaboration, the institutions may already have signed an inter-institutional agreement. If the joint invention was made in the absence of such an agreement, it will have to be negotiated after the fact. MSU and other major academic institutions follow certain well-established principles in negotiating such agreements. Typically, the patents on such joint inventions are co-owned by the institutions

that employ the inventors, and the intellectual property offices of the institutions decide, through negotiation, which one will take the lead in patenting and licensing the invention and how the licensing revenues will be shared between or among the institutions. MSU inventors should provide OIP with any relevant information concerning the joint effort, to enable OIP to seek a fair and equitable royalty-sharing formula.

Each institution applies its own internal sharing formula with respect to its portion of the total royalties. MSU uses the method discussed in #9, above, to determine inventors' shares when two or more of the inventors are MSU employees.

Example: Suppose there were five inventors, three at MSU and two at another institution. For simplicity, assume that each inventor made an equal contribution to the invention. In this case OIP would typically advocate that MSU should be the lead institution, responsible for patenting and licensing the invention. The other institution would pay 40% of the patenting and licensing expenses, and would receive 40% of the net proceeds, leaving MSU with 60%. The inventors' collective share of MSU's 60% would be determined by the Patent Policy, and each inventor would receive a fraction of that share based upon their mutual agreement, as described in #9, above.

11. Why must I report inventions to OIP before I publish, and how much notice is required?

The right to publish or present research results is a fundamental component of academic freedom, and nothing in the Patent Policy is intended to interfere with it. However, publishing or publicly disclosing information before seeking patent protection may result in loss of patentability. University Inventions must be reported to OIP before publication or public disclosure, so that timely patent action may be taken if warranted, and so that OIP can comply with any contractual obligation for the University to notify a funding sponsor of the invention.

MSU inventors should file invention disclosures with OIP at least 30-90 days prior to a planned publication or public disclosure, so that OIP will have time to take appropriate patent action. The term "publication" in this context includes full scientific papers, abstracts, web content, e-mail transmissions outside of MSU, and posters that are presented at meetings or displayed in MSU hallways. A paper is considered published on the date that it actually appears in print (i.e., not when the manuscript is sent to a journal). A thesis or dissertation is considered a publication when it is cataloged in a library or becomes available to the public through an abstracting service such as *Dissertation Abstracts*. The term "public disclosure" refers to any presentation or other oral disclosure to one or more non-MSU employees. Written or oral disclosures are not considered publications or public disclosures (a) if all of the recipients are MSU employees, or (b) if the information is transmitted under a secrecy agreement, as discussed in #12, below.

12. Under what circumstances is it acceptable to discuss my invention with, or provide material samples to, someone outside the University?

In order to be sure intellectual property rights are protected, any discussion of a University Invention or a potential University Invention with, or transfer of University-owned research materials to, a party outside the University should take place under a secrecy or material transfer agreement unless the relevant subject matter has already been published, is publicly available, or is the subject of an issued patent. Standard secrecy and material transfer agreements are available on the OIP web page: www.msu.edu/unit/oip.

Agreements must be signed by individuals who are authorized to legally bind their respective employers. (Inventors are not authorized to enter into agreements on behalf of the University.) OIP staff will assist MSU inventors by obtaining the necessary signature for a secrecy or material transfer agreement from an authorized University administrator.

See also #18, below.

13. What expenses are deducted before licensing proceeds are distributed to the inventors?

The OIP will recover its direct out-of-pocket expenses for the relevant patent and license before distributing any licensing proceeds. These costs cover legal fees incurred in obtaining patent searches and patentability opinions, and in drafting and prosecuting patent applications, as well as patent office fees in the United States and foreign countries. In some cases, they may also include the cost of intellectual property brokers and consultants; outside legal counsel for negotiating licenses or settlements or for prosecuting lawsuits; accounting services to audit a licensee; or travel expenses associated with any of these activities. OIP does not charge for the time of its personnel or for the services of any other regular MSU employee, and OIP does not recover overhead. OIP only distributes money that MSU actually collects -- not money that is owed to the University but uncollected.

In some cases, researchers may ask the University to accept funding from sponsors who attach conditions on the distribution and use of any licensing revenue deriving from inventions conceived in the sponsored work. (Such funding requires approval on an exception basis.) When the University elects to accept such funding, the sponsor's conditions will be honored. Because such conditions typically result in lower payments to inventors (and the University) -- or no licensing payments at all -- the existence of such conditions should be disclosed to project participants who were not involved in recommending acceptance of the funding conditions, before such participants decide to join the project and commence work. Administrative approval of the exception is typically conditioned on the principal investigator's agreement to make such disclosures.

14. When licensing proceeds include shares of stock, how are they distributed?

MSU has only recently entered into agreements involving equity in lieu of cash payments for intellectual property licenses. Under the interim policy and practices currently being refined, equity received for licenses is held by the MSU Foundation. Although an inventor's share of the value of such equity can be determined and paid with relative ease in the case of stock from a publicly traded company, equity from other sources (such as a pre-IPO start-up firm) can pose various special issues involving the timing of payments to inventors under the Patent Policy. The Associate Vice President for Research & Graduate Studies can provide current information on the evolving institutional posture regarding equity-based licensing arrangements.

15. Under what circumstances may an inventor acquire rights to a University Invention?

Inventor participation in a start-up company. Like its peer institutions, MSU generally retains ownership of any University Invention that appears patentable and has good commercial potential. The traditional route to market entry has been to seek an established company to commercialize the invention under license from the University. As an alternative, MSU and other universities have begun encouraging the development of start-up ventures in which one or more of the inventors intend to participate personally. In the latter scenario, an entity owned in whole or in part by an inventor may gain license rights to the invention under terms similar to those that might be offered to any company. OIP is interested in working with inventors to facilitate the creation of start-up companies for the purpose of commercializing University Inventions, and OIP may be able to put the inventors in touch with contacts and resources who can help. Of course, any such arrangement requires careful management of potential conflicts of interest and commitment, as well as clear compliance with state law and other University policies.

Assignment to the inventor. If commercialization prospects for an invention, either by traditional licensing or by creation of a start-up company, appear unfavorable, OIP may choose either to take no patent action, to stop pursuing a pending patent, or to stop paying maintenance fees for an existing patent. Any such decision will be communicated to the inventors. If the inventors then wish to pursue or maintain the patent on their own behalf, they may ask to have ownership of the invention assigned to them. Like other U.S. academic institutions, MSU is typically willing to grant such requests in the interest of promoting technology transfer. The request for assignment should be submitted to OIP. After confirming that the patent is eligible for assignment, OIP will transmit the request to senior administrators with its recommendation regarding approval. If the request is approved, the inventors must assume responsibility for ongoing legal and commercialization expenses; must agree among themselves as to how to share expenses and revenues and pursue commercialization; and of course must pursue commercialization in a way that does not conflict with their University duties or with any University policies. Consistent with past practice at MSU, as a condition of rights assignment, the inventors will be asked to sign an

agreement promising that, in the event that they obtain revenues from the invention, they will reimburse the University's prior patent expenses for the invention assigned and pay the University ten percent of any revenues resulting from commercializing the invention.

16. How do I know if an invention is covered by the current Patent Policy or the old patent policy?

All inventions reported to OIP on or after February 14, 2001 are covered by the current Patent Policy. Earlier inventions are covered by the old patent policy. However, since the royalty sharing formula in the current Patent Policy is more favorable to inventors, OIP will apply the current formula to any invention which did not return more than $1,000 in collective royalty share to the inventor(s) prior to February 14, 2001, even if it was reported to OIP before that date.

17. What happens if I don't tell the University about my invention? (I may not think a patent is a good idea!)

According to the Patent Policy, *"…University employees and students (including postdoctoral appointees, graduate and undergraduate students) shall disclose any University Inventions to the University prior to disclosing such discoveries or inventions through publications, presentations, or communications with third parties (including research sponsors) in a manner which may inhibit or preclude the University from obtaining patent protection."*

University research is often supported under grants and contracts requiring that MSU report its inventions to the sponsor. Sponsors, including the United States government, frequently receive certain rights from the University in return for their research support. Failure to disclose an invention could result in the breach of an agreement by the University. Among other things, willful non-disclosure could lead to sanctions against the institution or disciplinary action against the researcher.

Notwithstanding any institutional obligation to notify a research sponsor of an invention, the serious impact of disclosure timing on potential patentability necessitates inventor notification of OIP prior to any disclosure to a research sponsor.

If researchers believe that their findings may constitute a patentable invention, and if they nevertheless wish to publish those findings without MSU filing a patent application, they should first discuss the circumstances with OIP. OIP tends to accept the recommendations of the inventors as long as they are not adverse to the interests or obligations of the University.

18. How does the University handle confidential information and trade secrets?

From a patent standpoint, it is important to keep work confidential until a patent application is filed, because publication or public disclosure, no matter where it occurs, can render the work unpatentable. In the United States there is a one-year grace period after a publication or public disclosure during which a patent application may be filed, but in most other countries there is no grace period whatsoever.

If researchers wish to discuss unpublished work with someone outside the University, or if they wish to receive such a disclosure from the other party, a secrecy agreement should be signed to protect the patentability of the work. A standard secrecy agreement is available on the OIP web page: www.msu.edu/unit/oip. The agreement must be signed by individuals who have signing authority for each institution. OIP staff will assist MSU inventors by obtaining the necessary signature from an authorized administrator.

While a company may maintain a trade secret for decades, universities typically do not have any long-lived trade secrets, due to the traditional academic policy requiring that scholarly research be publishable. In collaborations with a company, MSU may agree to keep the company's secrets confidential, but MSU cannot agree to keep its own research results as trade secrets for any extended period of time. For that reason, OIP generally does not license University Inventions as trade secrets.

See also #12, above.

19. What rights does a company receive in return for research support or collaboration?

Right to license inventions. Company-sponsored research agreements typically provide that the University will maintain ownership of any inventions that are made solely by University personnel; that the University will own, or the University and company will share ownership of, any inventions that are made jointly by University and company personnel; and that the company will own any inventions made solely by its personnel. The University is typically willing to negotiate a license with, but not to grant ownership rights to, the company for any inventions resulting from the research that are owned in whole or in part by the University. In return for a license, the company must agree to reimburse the University for all patent costs, pay royalties, and commit to make a diligent effort to market licensed products. A standard research agreement appears on the Contract and Grant Administration web page: www.cga.msu.edu..

Right to review publications. In order to ensure that no patent opportunities are missed, a company supporting or collaborating in research may also be granted the right to review manuscripts prior to publication or public disclosure. This right of review does not include the right to alter publications, except to the extent necessary to remove any company-owned

confidential information. The company generally will have the right to ask the University to delay publication for a reasonable period of time (usually no more than 60-90 days) sufficient to allow patent action to be taken.

20. How is a patent attorney chosen to work on my patent application?

The General Counsel's Office maintains relationships with several patent firms for the purpose of filing and prosecuting patent applications on MSU's behalf. In conjunction with the Office of the General Counsel, OIP chooses which of those patent firms to work with for each new invention. MSU inventors should not take an invention to an attorney until OIP has selected a firm.

In choosing patent counsel, OIP tries to find an individual who will work well with the inventors and who has expertise in handling the type of subject matter in the invention disclosure. OIP tries to take inventor preferences into account, so if there is a particular attorney or firm that inventors either want to work with or prefer not to work with, they should be sure to let OIP know.

If a company has sponsored the research leading to an invention, the company may have the right to file patent applications on MSU's behalf as part of an arrangement leading to an exclusive license of the invention. In such cases, OIP is typically willing to accept the company's choice of patent counsel as long as OIP maintains the right to review and approve all patent actions.

Appendix A - Glossary

Copyright. A grant by the government of exclusive rights over a work of writing, artwork, software, movie, etc. A copyright protects only the physical expression of the work, not the idea.

Discovery. A research finding or observation.

Intellectual Property. This term encompasses all intangible products of the mind and their representation. Intellectual property can take the form of an invention or a literary, artistic, musical or scholarly composition, to name a few examples. Intellectual property is valuable and may be protected by law. The forms of protection include patents, copyrights, trademarks and trade secrets.

Invention. An idea or concept that has been reduced to practice - i.e., that has been demonstrated to work.

License. A contract under which the owner of a patent or other form of intellectual property transfers certain rights in the intellectual property to another party. In an exclusive license, rights are transferred to only one party.

Licensing Proceeds. Royalties plus other payments received as consideration for a license. Such payments may include licensing fees, milestone payments, and sometimes shares of stock.

Patent. A patent is a monopoly, granted by the government, that protects an invention from competition for a specified period of time. Under current law in the United States and most other countries, the term of a patent is twenty years from the date of filing. To be patentable, an invention or discovery must be novel, useful and non-obvious to one "skilled in the art" - i.e., an expert. It also must be described in sufficient detail to enable an expert to practice it. To obtain a patent in the United States, one must submit a complete description of the invention to the Patent and Trademark Office in Washington, where an examiner who is trained in the law and in the technical field of the invention will determine whether the invention meets all the tests of patentability. The process is similar in other countries. U.S. patents have issued less than a year after filing, but a more typical period is 2-3 years, and some patents take much longer. Patent applications typically are filed and prosecuted by agents or attorneys who are licensed to practice patent law. While the law does not prevent an inventor from filing a patent application, in practice it is no more advisable to draft and file one's own patent application than it is to prosecute a lawsuit without benefit of counsel. See Appendix B for some popular misconceptions about patents.

Service Mark. A symbol, word, number, picture or design used by a service provider to identify his/her/its own services and to distinguish them from the services of others.

Trademark. A symbol, word, number, picture or design used by a manufacturer or seller to identify his/her/its own goods and to distinguish them from goods made or sold by others.

Trade Secret. Knowledge that is maintained in secrecy for the purpose of gaining a competitive advantage. This type of protection can last as long as the secret is maintained.

Appendix B

Some popular misconceptions about patents:

1. *"A patent is needed to market a product."* Actually, many products are marketed without patent coverage. The purpose of a patent is to provide a monopoly, so that the holder can market a product or service without competition.

2. *"A patent permits its holder to market a product."* Actually, some products with patent coverage can’t be marketed at all, because of a blocking patent held by another party.

3. *"All patents are valuable."* Many patents, while costly to obtain, turn out to be worthless. The value of a patent depends on the value of the monopoly it provides.

4. *"If I get a patent, my product will be protected from competition."* In some cases, a patent may protect only a very narrow range of products or processes. If a competing product or process performs as well at the same or a better price without infringing the patent, the patent may be worthless.

5. *"Once a patent is granted, I will be protected for the lifetime of the patent."* Actually, a patent will expire if maintenance fees are not paid throughout its lifetime at intervals set by statute. Also, if a product is highly profitable, it is likely that competitors will either infringe or challenge the validity of the patent. In either case, the cost of protecting a patent in an adversarial proceeding can quickly rise to hundreds of thousands or even millions of dollars.

6. *"When a patent is issued, the Patent Office guarantees its validity."* Although a patent has the presumption of validity, it can be invalidated if a challenger is able to show that a mistake or misrepresentation was made during patent prosecution. Some of the kinds of problems that can invalidate a patent include failure of the Patent Office to consider relevant prior art; naming the wrong inventors; or a showing that the description in the patent didn’t fully enable one skilled in the art to practice the invention.

7. *"The more patents I have, the better protected I will be."* While multiple layers of patent protection may be desirable in some cases, one solid, broad patent can often provide better protection than several weak or narrow ones.

8. *"We must patent our inventions before we offer them for licensing."* It is true that a licensee may pay more for a patented than an unpatented technology. However, the cost of obtaining a patent, together with the opportunity cost of delaying licensing for several years, may greatly exceed the value added by the patent. Accordingly, OIP may try to license an invention before a patent is granted.