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THE JOURNAL REPORT: SMALL BUSINESS

Now What ...

Get a Patent

Do you need one? Will you get one? Is it worth it?

By **RAYMUND FLANDEZ**
 Staff Reporter of THE WALL STREET JOURNAL
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Customers had been asking Mike Clarke the same question for years: How did he get their jewelry so clean?

The answer was simple. Mr. Clarke, the 43-year-old owner of the DFW Diamonds jewelry store in Dallas, had access to equipment his customers didn't: a specialized \$1,500 machine for jewelers that cleans gold bracelets and diamond rings with a heavy burst of steam -- a big improvement over the usual toothpaste-and-toothbrush home remedy.

THE JOURNAL REPORT



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Two years ago, Mr. Clarke realized there might be a market for a home version of the steamer. His first step: securing a patent. "I wanted to get a head start on a great idea," he says. "There could be a flood of copycats."

If you've come up with a better mousetrap, a patent can be crucial for protecting your idea in the marketplace. But the application process can cost thousands of dollars and take years to complete. And even when you've got the patent in hand, the challenges aren't over: The burden falls on you to keep an eye out for copycats and enforce your patent rights.

Here's a step-by-step guide to filing a patent, and what you can expect to pay at every stage along the way.

Getting Past Eureka

To start off, some definitions. Patents come in three types. A utility patent covers new products and manufacturing processes, or improvements to existing ones. Design patents cover the appearance of products, such as the look of a sports car (but not creative works, which go to the Copyright Office). A plant patent covers engineered strains of asexually reproducing plants.

Utility and plant patents last 20 years, design patents 14 years. All of them give you the exclusive right to sell or license your idea, and to stop others from doing so without your permission.


So how do you get started? When you're doing market research about the idea, an important question is timing: Will the product still be hot when you get a patent several years down the road? If you decide a patent is worth the effort, your next step should be to see if there is "prior art" on your idea -- the technical term for a previously issued patent, or any public discussion, use or sale of the idea, such as in printed materials or at trade shows.

There's no requirement that you do such a search, but it can save you lots of time and trouble. Among the 360,000 applications that are filed each year, about 83% get rejected on the first round, most of them because the U.S. Patent and Trademark Office found prior art. If you do a prior-art search before you submit, you can see whether your idea has already been patented -- and if so, you can tweak it to set it apart from existing products.

Experts recommend getting a third party to do the prior-art search for you. Patent lawyers or agents will know how to navigate the vast trove of records in a patent library or online at www.uspto.gov³, and they'll know the types of things that set off red flags for patent examiners. For instance, the Patent Office mandates that ideas must be new, useful and nonobvious -- nuanced guidelines that can be difficult for a newcomer to puzzle out.

Joanne Hayes-Rines, publisher of Inventors' Digest, a trade publication, says prior-art searches usually cost between \$750 and \$1,000.

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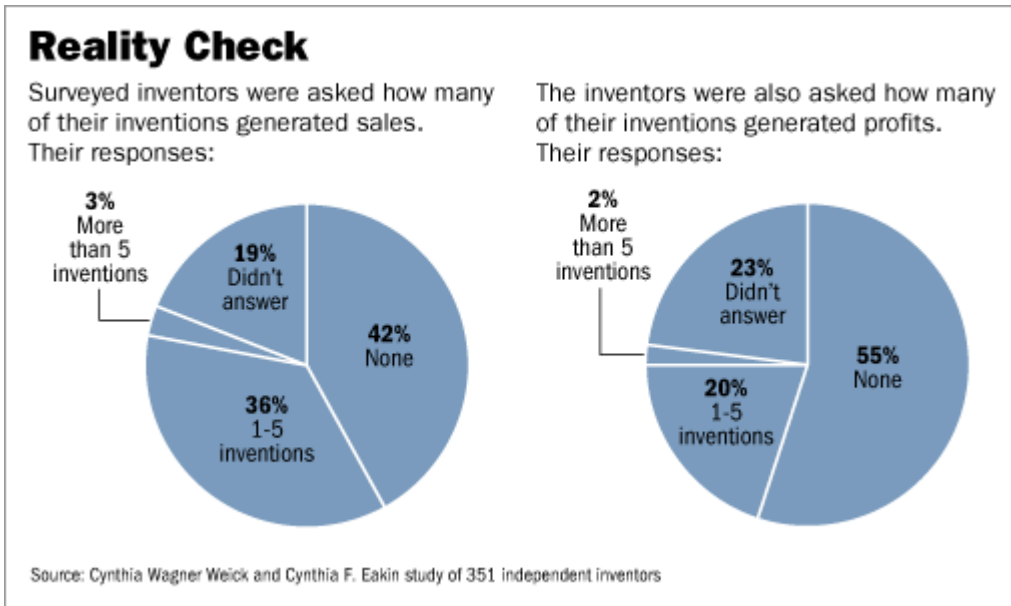
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Your next step will be to draw up the patent application -- and, once again, experts advise getting professional help, given the legal and technical nuances.

For instance, you must be careful when writing your "claims" -- the numbered sentences in your application that spell out exactly what your invention does. These decide how broad or narrow your rights are -- and if they aren't written clearly, the Patent Office will likely reject your application. A patent attorney often will also commission a draftsman to make up professional drawings of your invention.

This stage is also where the real money starts to pile up. A patent agent or attorney will usually charge around \$2,000 to prepare a patent application -- but the price can go as high as \$10,000 or even \$50,000, depending on the attorney's fees and the complexity of the invention. (More claims to write up and review means more billable hours.)

Meanwhile, the Patent Office charges a number of fees when you file. For a utility application, the fees due at filing come to \$1,000, though the figure can climb higher based on a number of factors. For instance, if you list more than three claims for your invention, you have to pay another \$200. Over 20 claims, and you'll have to pay an additional \$50 for each claim, on top of the \$200.



Rising Fees

In the next couple of years, expect to see the fees rise as much as 15% to 20%, as the Patent Office bulks up its staff to speed turnaround time, says Brigid Quinn, a Patent Office spokeswoman. However, the agency offers discounts on some fees to "small entities" such as independent inventors, small businesses and nonprofits.

After you file, don't expect a response anytime soon. Currently, the wait for a final decision on a patent issue is about 28 to 29 months, although the Patent Office wants to reduce that to 24 months as part of a five-year reorganization plan.

Here's how the process works. Applications are assigned to an examiner who does a thorough search of U.S. and foreign patent documents and any other literature to make sure the idea doesn't step on any prior art. The applicant is notified in writing of the decision within 28 or 29 months. If your application is rejected on the first round, you have 90 days to file a response to the problems raised by the examiner.

If you are rejected after the second attempt -- which may or may not take as long as the first round -- you can file an appeal with the Patent Office's Board of Patent Appeals and Interferences. Once you do that, the first step is an appeals conference with senior patent examiners. Ms. Quinn, the Patent Office spokeswoman, says such conferences result in a decision in favor of the inventor about 60% of the time. Should your application still be rejected, your next move would be directly to the Board of Patent Appeals, which rules in favor of the inventor more than a third of the time.

Overall, Ms. Quinn says, about 63% to 65% of applications are eventually allowed as patents, including many that were rejected on the first pass. At any point in the process, you can check your status online at the Patent Office's Web site.

Your idea has some protection while you're waiting. If you take your idea to market, for instance, you can use a "patent pending" label, which warns competitors that you're in the process of getting a patent and can fully enforce your rights once it's granted.

There's another, less expensive option if you want to protect an idea but don't know whether a full-scale patent application is worth the time and expense. A so-called provisional patent doesn't require a formal application, simply a written description and drawing of the invention, and it costs just \$200 to file (half that for a "small entity").

The provisional patent doesn't get accepted or rejected, as a regular patent does. It simply gives you the right to use the "patent pending" label on your product for one year after you file. But after that you must file a formal application if you want to continue to protect your idea.

A year ago, Scott Rote, president of Visionaire Products Inc. in Chicago, filed a provisional patent application for Peter Potty, a height-adjustable flushable urinal for little boys. Why not a regular application? Mr. Rote says he didn't know if the product would sell, and he was trying to hold off paying a lot of money for a product that could free fall in the market. "If we weren't sure, why spend that extra

\$10,000?" he says.

Mr. Rote got his answer during a trade show last year, where his product cultivated "overwhelming interest." He plans to apply for the full U.S. patent application in the next few weeks.

Even if you get a patent, remember that it's not the Patent Office's job to enforce your legal rights. You have to seek out infringers and either send cease-and-desist letters or file lawsuits.

The cost of full-blown patent litigation could run into the hundreds of thousands of dollars, or even into the millions for large, complicated claims. If you can't afford those costs, Nicholas Groombridge, a patent-litigation attorney for Weil, Gotshal & Manges LLP in New York, says other options include negotiating a settlement or hiring a lawyer who will work for a contingency fee. In that scenario, about a third of the proceeds would go to the lawyer if you win. Mr. Groombridge says that the vast majority of patent lawsuits eventually settle, so "some money changes hands."

Mr. Clarke, who named his invention Jewel Jet, recently heard from the Patent Office; it rejected several claims in his application. Mr. Clarke declines to give specifics but says the agency felt some of the claims weren't distinct enough from existing inventions. He argues that no one has patented a product similar to his, and he plans to clarify the disputed claims to show his idea is original.

But that hasn't stopped him from capitalizing on his idea. He says he found a low-cost manufacturer in China and sold 35,000 units through independent jewelry stores last year. "We're going full steam ahead," he says.

--Mr. Flandez is a Wall Street Journal staff reporter in New York.

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