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Are you prepared for the effect the patent reform laws will have on packaging R&D strategy, organization and management?

**PRESENTED BY:**

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# Helping Companies Innovate Better



## Technology, strategy, consumer insights, marketing, intellectual property, and innovation

- Helping companies innovate new products and packaging that create business growth opportunities
- Aligning innovation efforts and technologies with brand essence, aspirations and corporate strategy
- Working throughout the value chain, from strategy and science to marketing and manufacture



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**Client Successes**

**Best Practices &  
Benchmarking**

**Tools,  
Methodologies  
Strategy &  
Innovations**



# Be afraid, very afraid...

- Will change your R&D and NPD strategy
- Will change the time you have available for innovation
- Will change how much budget you have for innovation
- Will change which innovations you're able to protect



## Some Caveats

- We're not lawyers, Newlogic is not a law firm, This is not a legal opinion
- Patent reform goes into effect March 2013
- It's a law, and precise interpretation of the patent reform act will likely require litigation and legal opinions
- It's complicated, this presentation is our point of view and may, or may not, apply to your situation

# The Patent Reform Act is the biggest set of changes to happen to US patent laws since 1836.

- First inventor to file
- Prior User Rights
- Post Grant Review
- Supplemental Examination



# First Inventor to File

- First inventor to file at USPTO wins; can't invalidate prior art based on earlier invention date
- First patent stands unless a **subsequent patent owner proves you derived** the invention from them
- Can't take something publicly used from **a foreign market and patent in the US**



# First Inventor to File: *So What?*

- You will have to decide what to file with USPTO as early as possible
- Potential large influx of worldwide inventors
- Open market testing is risky; **however, secret ideas can lose as well**
- Patenting strategy has to be an integral part of NPD

# Prior User Rights

- Inventors have the right to ongoing use of undisclosed inventions (if prior use was greater than a year) , even if another entity is granted a patent for the invention (due to first to file)
- Ex.: Manufacturing Equipment:
  - If someone else independently develops the same invention they would not be able to sue for infringement (if you can prove you've been using the invention for more than a year).
  - But your use is limited to prior use - Cannot expand without infringing after the date patent was filed.
- You do not get this defense if invention was filed by univ/tto
  - They can sue you for your own technology

# Prior User Rights: *So What?*

- Secret activities, reversed engineered product, or EUREKA! can concede market expansion and create estoppels to on-going R&D efforts
- Do you know the technical/patent taxonomy of all products and internal processes and division transfers?
- Sponsored research projects with Universities and other research institutions: heighten need for tighter agreements (e.g., CDAs and NDAs)

# Post-Grant Review: The Change

- Provides almost anyone with ability to challenge validity of your patent on virtually any ground
  - Petition has to be submitted within 9 months after patent grant
- (e.g. sale or public use etc.)

# Post-Grant Review: So What?

- “Lower” cost & quicker way to challenge the validity of competitors IP, but there are risks to petitioner if decision goes against you,
  - Can be stopped from bringing further action (i.e., PTO, ITC, District Court)
- Patentee can still make changes to patent while undergoing review
- Once review is granted, decision in 1 year (appealable to CAFC)

# Supplemental Examination:

- Patent Owner can correct inadvertent omissions (i.e., prior art) in filed patent applications
  - You can go back and provide a new reference after patent issues; USPTO will reexamine if SNQ of patentability is raised.



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## Supplemental Examination: *So What?*

- New ability to modify your issued patent after it's issued
  - In speeding R&D pipeline to patent, greater potential for mistakes/omissions not caught until after patent issues.
- Protects you (patent owner) from charges of inequitable conduct (i.e., litigation by a competitor)
- Once in effect (Sep 16, 2012), patent owner can submit “any” issued patent (rid potential skeletons in the closet).

# Typical Goals for a R&D Operation

Manage and Reduce Costs

Build IP Assets

Put IP to work in new products

Reduce Time to Market

Open Innovation

Increase Value of Supplier Partnerships

Partner with Academia

Deliver Projects on Time

Increase Creativity



# Goals of R&D Operations

Manage and Reduce Costs

Build IP Assets

Put IP to work

Reduce

Operational

Improve

Partner with Academia

Deliver Projects on Time

Increase Creativity

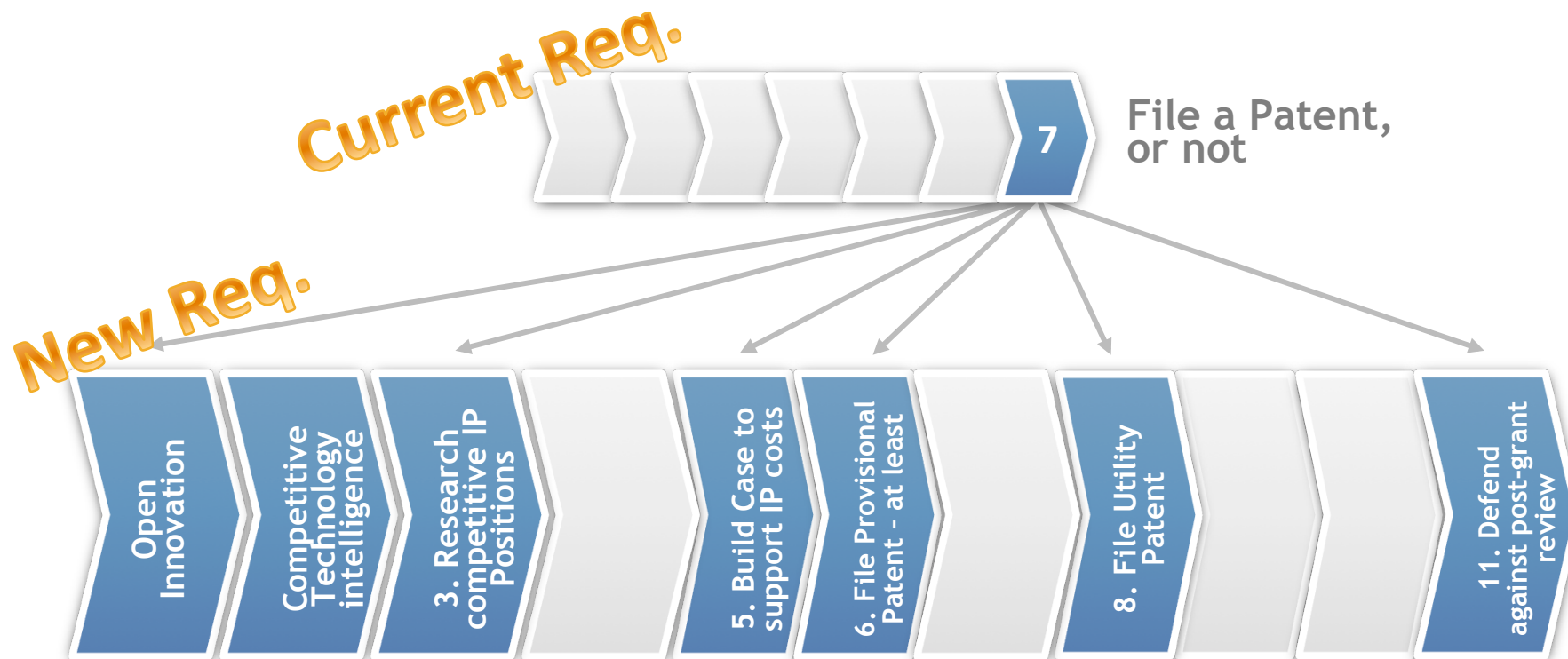
**PATENT REFORM MAKES  
IT WORSE, NOT BETTER**

support partnerships

# This May Get Expensive

- Case Study: Global beverage company
- Estimating they'll file 20 additional provisional applications each year
  - Combination of internal inventions, co-development and patent estate expansions
- 1 year provisional period
  - Will end before any inventions are in-market,
  - Patent paperwork will need to be started before prototypes are completed and testing conducted (if it's done at all)
- What is the end-game?
  - File everything at \$1.6 Million in additional costs?
  - It starts before the provisional filing

# This May Take A Lot Of Time



# This May Add A Lot More Risk

- Requires changes your supplier and co-development relationships
- Effectiveness of open innovation initiatives
- May change how you conduct consumer research to prevent disclosure
- Likely requires changes to NDAs and other B2B agreements



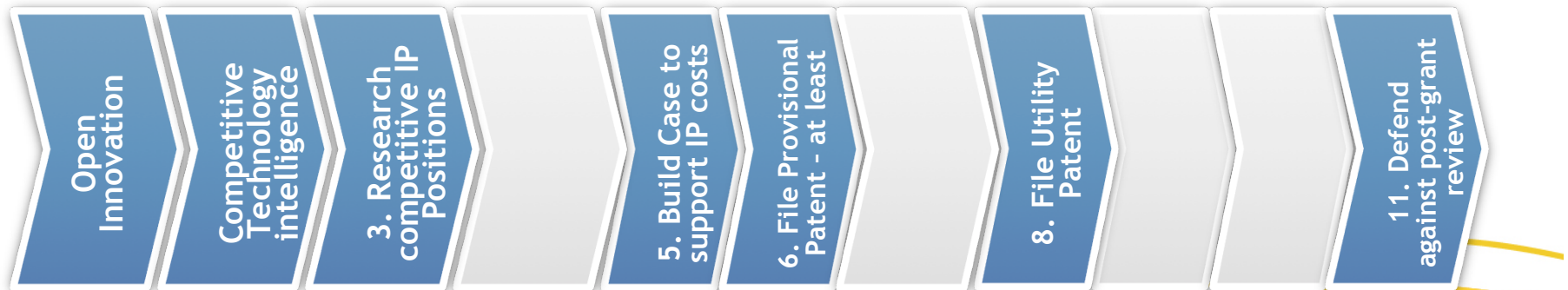
## WHAT TO DO:

Addressing patent reform requires top-down solutions

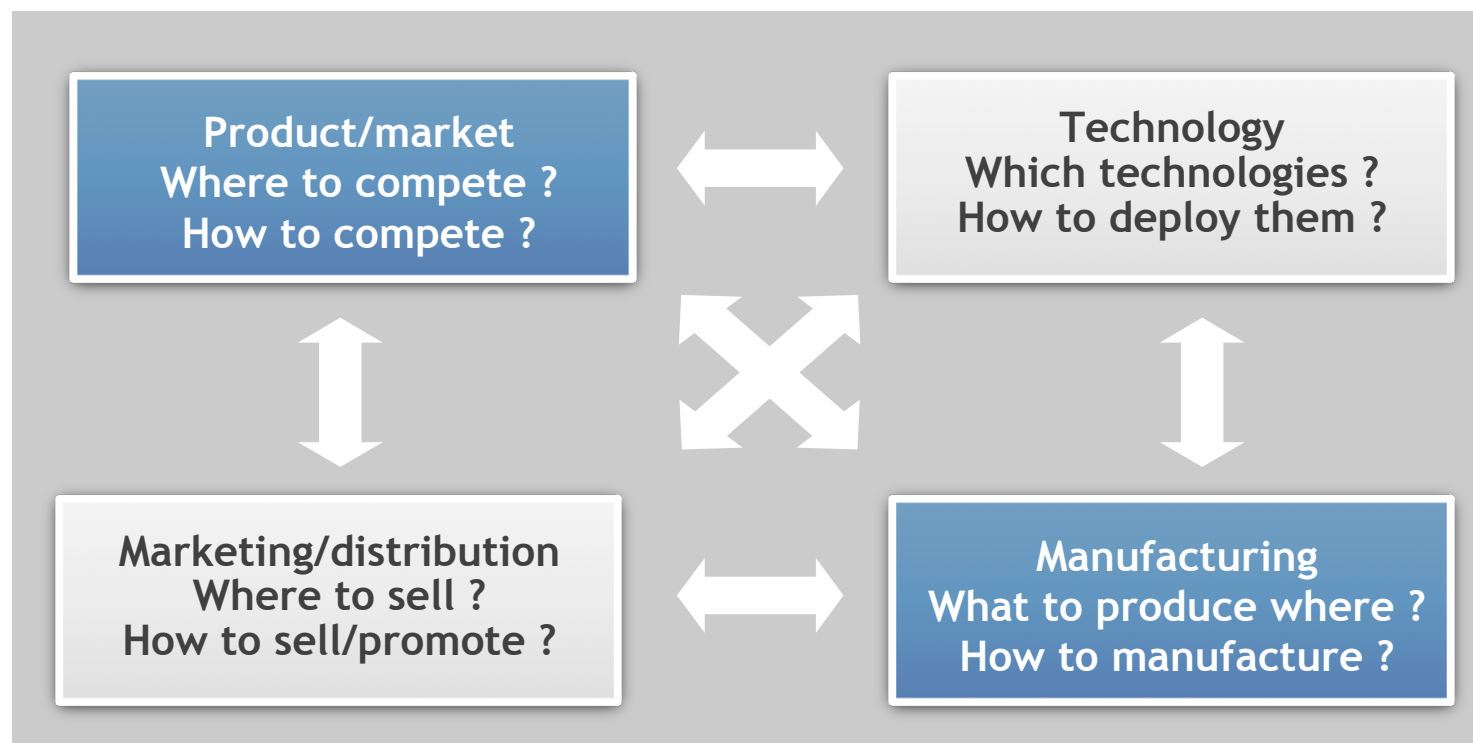
**Innovation Process**  
**Technology Strategy**  
**Technology Platforms**  
**Portfolio Management**  
**Technology Competitive Intelligence**

# Innovation Process

- IP work efforts need to be integrated throughout the NPD process
- Cannot rely only on stage-gate process - need to have parallel time-based process
- Cross-functional needs to integrate IP team members as highly active participants
- May effect lines of reporting



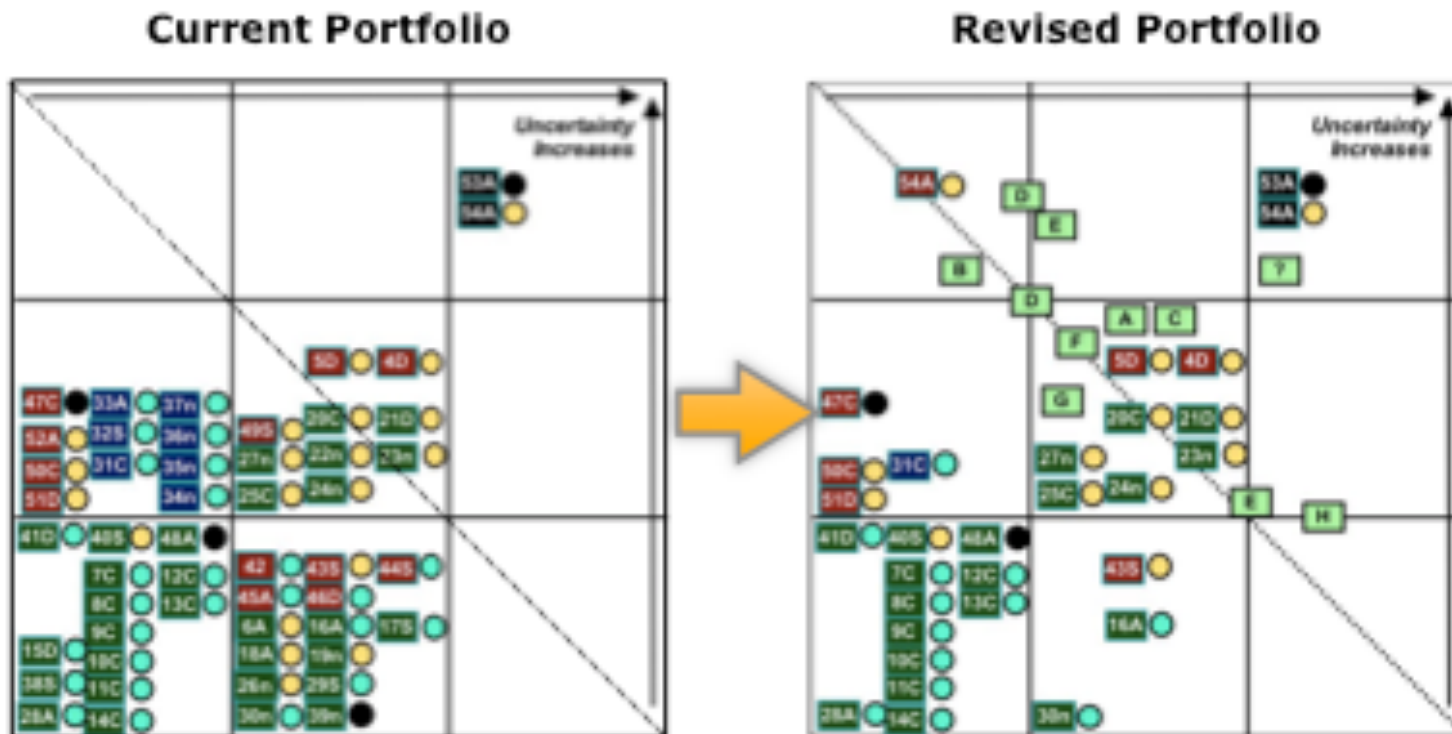
# Technology Strategy: Defines What IP Important to Business Success



# Technology Platforms: Enable Breakthroughs on Multiple Product Attributes to Build Defensible IP Estates

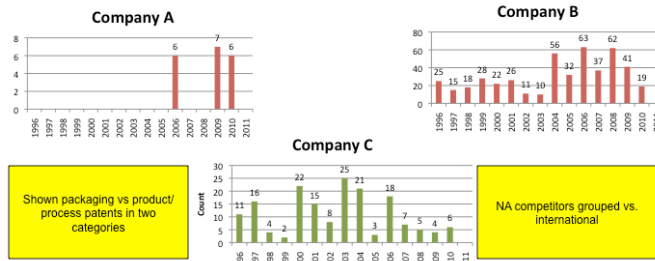


# Portfolio Management: Integrate IP Decisions Metrics



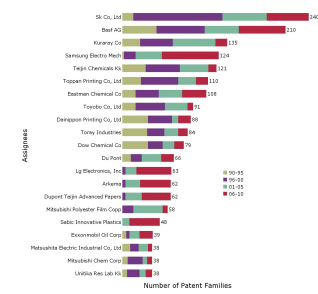
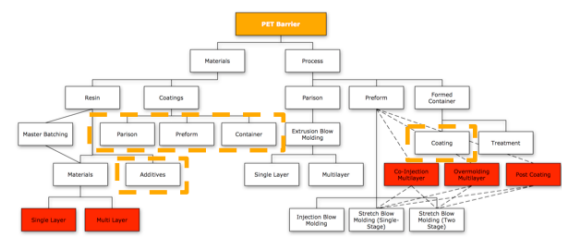
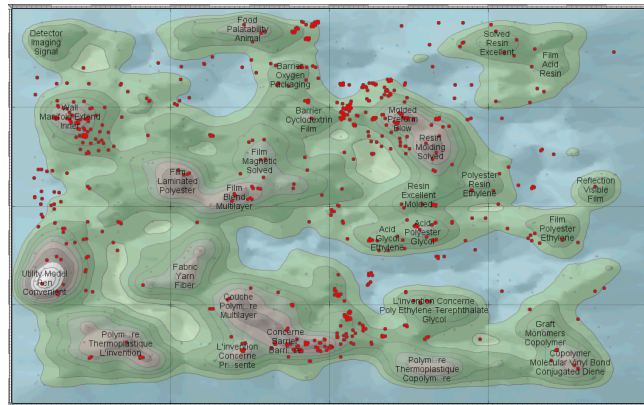
# Technology Competitive Intelligence: New Tools to Continuously Monitor and Assess Competitive Technologies

Application Filing Trend Comparison with Anheuser-Busch



Shown packaging vs product/process patents in two categories

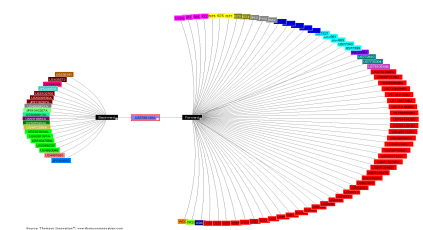
NA competitors grouped vs. international



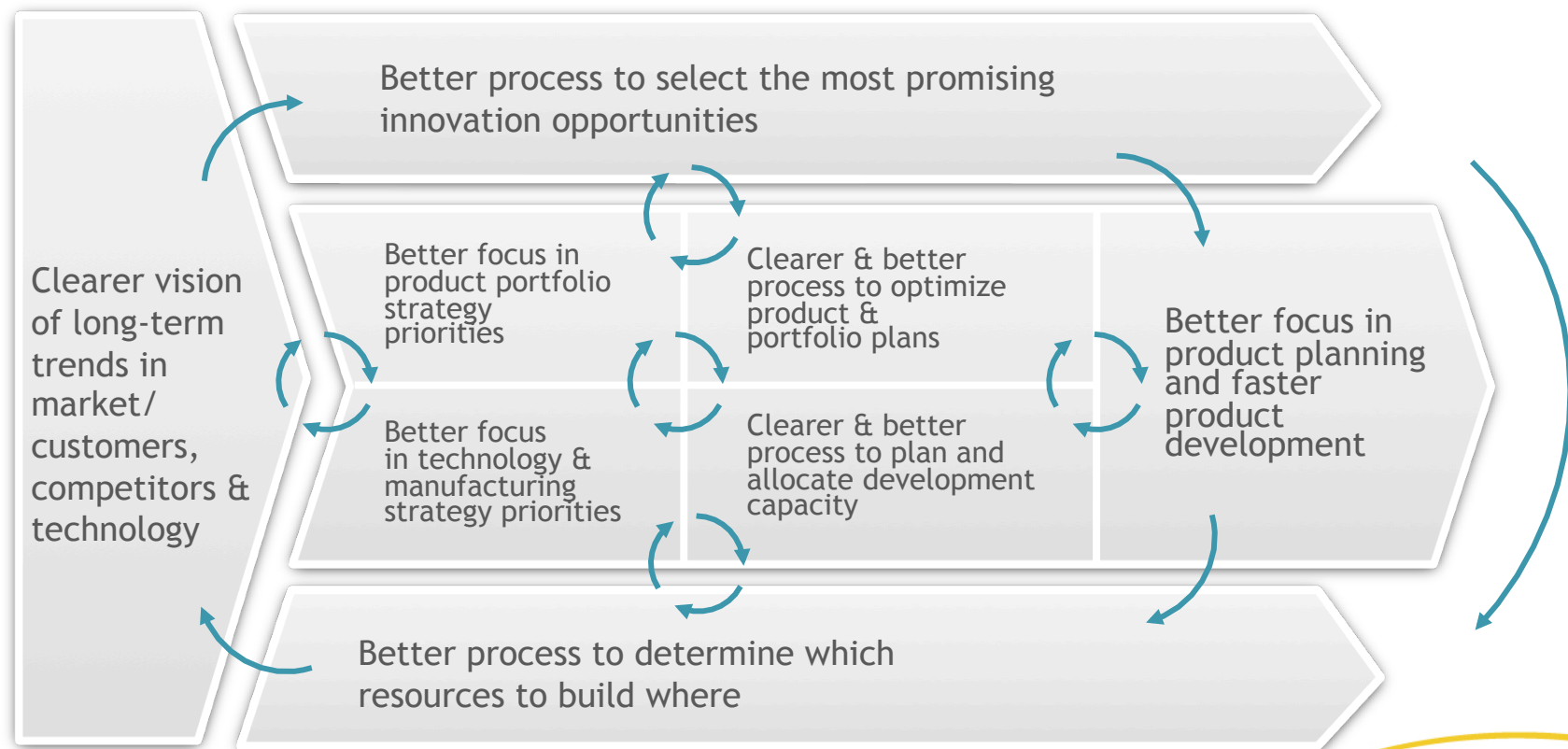
## innova analytics

Innovation: **Measuring Cup**

Item	Intellectual Property	Item	Inights	Resources
<b>View Record - Idea</b>				
<b>Images</b>	<b>Details</b>	<b>Metrics</b>	<b>Assignments</b>	
	<p><b>Project Name / Code Name / Subtitle</b> Sample Record - Idea</p> <p><b>File Date</b> 09/20/2011</p> <p><b>Supplier</b> Design Consultant</p> <p><b>Supplier Link</b> <a href="http://www.dobbler.com">http://www.dobbler.com</a></p> <p><b>Description</b> Baster to use measuring cup demagnifiers visible from above the cup. Eliminates need to touch to read measurements</p> <p><b>Benefits</b> Rapid, universal design</p> <p><b>Development Status</b> Initial concept</p> <p><b>Keywords</b> universal design, ergonomics</p>	<p><b>Projected ROI</b> 35,000</p> <p><b>Projected Unit Cost</b> 1.00</p> <p><b>Projected Dev Cost</b> 300,000</p>	<p><b>Assignments</b> Mark Markus <small>Viewer</small></p> <p>Colleen King <small>Viewer</small></p> <p><b>Options</b> Edit Record</p>	



# When used together, these tools can improve all aspects of R&D/NPD activities



# Are Your Prepared?

- Start talking about it and asking questions
  - Ask how does this effect our NPD process?
  - Ask how does this affect our decision making?
  - Ask, how does this impact our technology investments?
  - Ask, how are we going to manage?
  - Ask, how are we going to make the necessary changes quickly, efficiently and right the first time?

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