LQ Patent Newsletter

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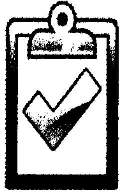
*Exploring how **Litigation Quality (LQ)** patents can generate more revenue, faster!™*
PLUS - Topics to grow your business, health, and awareness.



Litigation Quality Patent Check: What is your priority?

The value of many commercially valuable patents relies on a priority claim to some patent application that was filed earlier. If that priority claim were to be found ineffective, then many of those valuable patents would be quickly wiped out by prior art.

Why Do I Care about My Priority Claim
To give a typical example, many businesses file a first patent application before sharing their ideas with a manufacturer, joint venture partner, or key customer. As the product matures and the business owners refine their ideas and do further market research, they often see the need to re-file the application to get a second patent with different claims. The second set of claims may be highly valuable, for example, to a target licensee or as a credible threat against copy cat competitors. This "continuation" strategy is often used by many of the most sophisticated entrepreneurs as well as market leading companies.

This strategy assumes that the second application can claim priority back to the first application. In other words, the second application is treated as if it were filed on the same day as the first application.

If the second application is filed, say, more than 2.5 years after the first application, then the first application usually is prior art to the second application. That means that the first application can invalidate the second application!

A valid Priority Claim allows the second application to be treated as if filed on the same day as the first, which eliminates the prior art problem.

Patent Owners – Ask about Valid Priority Claim
Like patent marking described in a recent article, Priority Claims are not difficult, but they need to be drafted correctly because they can be and are, unfortunately, drafted incorrectly to the detriment of the Patent Owner.

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Thompson Patent Law would like to say. . .

Thank you for the Kind Referral!
Ryan Douglas

THE 3 ELEMENTS TO AVOID THE ACCIDENTAL FRANCHISE

By: Charles S. Modell

Many inventors will ultimately license their patents to others who will develop a business around those patents. Likewise, many copyright and trademark owners license their intellectual properties to others in exchange for a royalty. While these arrangements are common, entrepreneurs and their attorneys should understand that if three specific elements are present, these licenses are franchises under Minnesota and federal law, and the failure to register that franchise in Minnesota (and other states), and make proper disclosures to the licensee, could result in numerous penalties, including felony charges.

The existence of a trademark in a license arrangement should always trigger a closer look to determine whether a franchise exists. This first element of a franchise is met if the business is identified by the licensor's mark, if the goods are identified by the licensor's trademark, or if there is a logo or shared advertising involved in the license.

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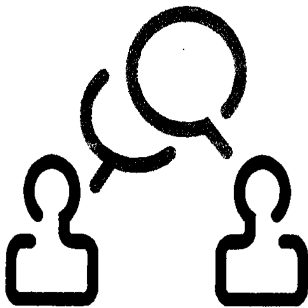
In a Federal Circuit opinion decided this month, a patent owner lost an important priority claim because it was not drafted correctly.

As unexciting as it may be,, priority claims can mean the difference between a commercially valuable Litigation Quality (LQ) patent and an expensive scrap of paper.

Special note: if you are concerned about the validity of priority claims in your valuable patent family, please call to request a Priority Claim Assessment.



Autism: Our Strange English Language

By Heidi Thompson

"Hold your Horses!" It is raining cats and dogs!" "That is a piece of cake!" "Kick the bucket." Have you ever thought about how many idioms we use in our daily conversations? Idioms are fun and can add a lot of variety to our conversations. However, for a person living with autism, they tend to i) think in pictures, and ii) take things very literally. For these reasons, idioms can be hard for the autistic mind to understand. When someone says, "It is raining cats and dogs!" a person with autism will picture in their minds actual cats and dogs falling our of the sky!

I have been teaching idioms to my daughter since she started school. It is actually really fun to discover the variety that are out in the world. It is fun to see her eyes light up when she learns to interpret a new idiom!

Many people have asked about how to best communicate with a child on the autism spectrum. My response has been that if you use an iodiomatic phrase and get a curious look, then be prepared to take a minute to explain what you mean.

In general, people who are living with Autism interpret language very literally. In conversing with a person who has autism remember to stay away from idioms or use them with an explanation. People on the spectrum are fun to converse with and will open a whole new world for you to discover.

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The second element of a franchise is that there is a fee. The fee can be for the intellectual property rights, or it can be for services. It could be an upfront fee, or it could be an ongoing royalty. Any payment that the licensee pays to the licensor, except for the bona fide wholesale price of goods for resale, meets the fee element of a franchise.

The final element of a franchise varies by jurisdiction. In Minnesota, it is referred to as a "community of interest." A community of interest exists under Minnesota law whenever the licensor and licensee both benefit from a common source, typically the sale of goods or services. Thus, any time there is a percentage royalty, coupled with any ongoing relationship in the operation of the business, there will be a community of interest. The same is true if the licensee is purchasing inventory from the licensor (or its affiliate) or purchasing inventory from a third party that pays a rebate to the licensor. Other jurisdictions look to the licensee's dependence on the licensor; if the licensee's business could not operate independently of the licensor, a community of interest will be found. Under federal law, the courts ask whether the putative franchisor provides significant assistance or supervision in the operation or marketing of the business.

Anyone licensing their intellectual property to others must take care to avoid one of these three elements. Otherwise, the license arrangement is a franchise, requiring compliance with state and federal franchise laws. Our firm has an extensive practice in this area, and is available to consult on these issues.

Charles S. Modell
P: 952-896-3341
E: cmodell@larkinhoffman.com