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OVERVIEW

1. Technology Transfer – who we are and what we do

2. U.S. Patents and their relationship to software

3. Technology Transfer – what we look for in software innovations
UNIVERSITY FACULTY INVENTIONS

Royalty Revenue*

- University: 40%
- Inventor: 40%
- College: 20%

*absent a valid written agreement

University of Idaho
WHAT IS INTELLECTUAL PROPERTY?

Why should I care?

$14,684,300,000

Idaho M&A

University of Idaho
FORMS OF INTELLECTUAL PROPERTY

Patents
FORMS OF INTELLECTUAL PROPERTY

Patents

• The right to exclude others from making, using, offering for sale, or selling the invention throughout the United States. Provide protections in the event of a dispute.

• The right to exclude is a time-limited reward for public disclosure of the invention (patents are an enabling disclosure).

• This is a property right, it can be bought, traded, and sold.
  • Owners must enforce their own right to exclude using dispute resolution mechanisms, including the PTAB and the courts.
  • Inventor is forever recognized on the patent application.
FORMS OF INTELLECTUAL PROPERTY

Patents

** Public disclosures – 1-year grace period to file patent in the USA (and maybe Canada, Australia, or Japan)
  • Non-confidential communication (including photos) which an inventor or invention owner makes available to one or more members of the public.
  • Patent applications are reviewed by USPTO attorneys for *novelty* and *non-obviousness* compared to “prior art”
  • printed publications included in definition of “prior art” = can destroy patentability
  • “enabling disclosure” requirement of the patent application
### 35 U.S.C. §101

<table>
<thead>
<tr>
<th>Yes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Process</td>
</tr>
<tr>
<td>- Machine</td>
</tr>
<tr>
<td>- [article of] Manufacture</td>
</tr>
<tr>
<td>- Composition of matter</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Discoveries, Natural Laws, Scientific Principles, Natural Phenomena, Mathematics</td>
</tr>
<tr>
<td>- Abstract ideas, ideas in general</td>
</tr>
<tr>
<td>- Atomic Weapons</td>
</tr>
<tr>
<td>- Naturally Occurring things (except plants)</td>
</tr>
<tr>
<td>- Anything encompassing a human being</td>
</tr>
</tbody>
</table>
**SOFTWARE PATENTS – CASE HISTORY**

**Gottschalk v. Benson (1972)**
No patent allowed:
Program was merely an abstract idea with no connection to industrial application.

**Diamond v. Diehr (1981)**
Patent Granted:
Since the mathematical formula was tied to a programmed (specific) computer, and since it involved discrete steps, the patent was allowed.
No patent allowed: the business process patent claims were not directed to patent-eligible subject matter. Affirmed the “Machine-or-Transformation Test”

*Machine-or-Transformation Test*

A claimed process is patent-eligible if:

1. It is tied to a particular machine or apparatus; or
2. It transforms a particular article into a different state or thing.
Software patent is only allowable only when:

1. It covers a process*, machine, manufacture, or composition of matter;
2. It is transformative (inventive).

*Most software patents are a subset of process patents.

A process is patent-eligible only if:

1. It is tied to a particular machine or apparatus;
2. It transforms a particular article into a different state or thing.
PATENT ELIGIBILITY

1. Utility
2. Novelty
3. Non-obviousness
1. USEFULNESS

35 U.S.C. §101:

- “utility” requirement
- Must have some application for beneficial use
- “the invention should not be frivolous or injurious to the well-being, good policy, or sound morals of society” – Justice Story.
2. NOVELTY

35 U.S.C. §102:

- The invention must be demonstrably different from what is publicly available.
- “Prior art” references
- Anticipation: a patent can be denied where it claims each and every element of a single prior art reference
3. NON-OBVIOUSNESS

35 U.S.C. §103:

- The invention cannot be “obvious” to a person having ordinary skill in the art.
  - Broad definition
- Teaching-Suggestion-Motivation (TSM) test:
  - Was it taught by prior art?
  - Was it suggested by prior art?
  - Was it motivated by prior art?
  - If “yes” to any, the patent could be denied.
WHAT DOES OTT LOOK FOR?


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OTTO FACTOR 1: PATENTABILITY

- To what extent has the invention already been disclosed to the public? (i.e. is it novel)
- Obviousness - TSM test, an invention is obvious (and therefore un-patentable) only if there is a teaching, suggestion or motivation to combine prior art references.
- Anticipated scope of claims? How useful is this patent? Does the patent rely upon others?

Rate: Broad or Narrow
OTT FACTOR 2: MARKETABILITY

- Nature of the technology in the market: breakthrough or incremental improvement?
- Competitive products: currently available in the market?
- Market Assessment: size, fields of use, company players?
- Value Proposition: Does the added value exceed the cost of development?

Rate: High or Low
OTT FACTOR 3: MATURITY

- How close is this invention to being instantiated in a commercial product or service?
- Anticipated time to license?

Rate: Early or Late
## OTT Decision Matrix

<table>
<thead>
<tr>
<th>Category</th>
<th>Patentability</th>
<th>Marketability</th>
<th>Maturity Stage</th>
<th>Go/No-Go</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Narrow</td>
<td>Low</td>
<td>Early or Late</td>
<td>No-Go</td>
<td>Abandon or Assign rights back to inventors</td>
</tr>
<tr>
<td>2</td>
<td>Broad</td>
<td>Low</td>
<td>Early or Late</td>
<td>No-Go</td>
<td>Abandon or Assign rights back to inventors</td>
</tr>
<tr>
<td>3</td>
<td>Narrow</td>
<td>High</td>
<td>Early</td>
<td>Further diligence required</td>
<td>Seek collaborators for sponsored research</td>
</tr>
<tr>
<td>4</td>
<td>Narrow</td>
<td>High</td>
<td>Late</td>
<td>Go</td>
<td>Seek Licensee with non-exclusivity terms</td>
</tr>
<tr>
<td>5</td>
<td>Broad</td>
<td>High</td>
<td>Early</td>
<td>Go</td>
<td>Actively seek licensee with option terms</td>
</tr>
<tr>
<td>6</td>
<td>Broad</td>
<td>High</td>
<td>Late</td>
<td>Go</td>
<td>Actively seek licensee for exclusivity</td>
</tr>
</tbody>
</table>
FORMS OF INTELLECTUAL PROPERTY

Trade Secrets
FORMS OF INTELLECTUAL PROPERTY

Copyrights
FORMS OF INTELLECTUAL PROPERTY

Copyrights

- Protects the expression of an original work of authorship, and elements of that expression.

* Does not protect your underlying ideas, only the particular expression of those ideas

- Rights affix at the time the expression is “fixed in a tangible medium.”
- Federal registry is available, provides enhanced protection in the event of a dispute.
- Put others on notice by using the symbol with the date: © 2017.
FORMS OF INTELLECTUAL PROPERTY

Trademarks

Apple

Google

Vandals
FORMS OF INTELLECTUAL PROPERTY

Trademarks

* TM ®

• Rights affix as soon as you use the mark to identify you as the source of goods or services
• Using the TM symbol puts others on notice that you intend to use the mark as an identifier
• Filing a registration with the state or federal office establishes a place in time for your claim
• State and federal registries provide enhanced protection in the event of a dispute
• Using the circle-R symbol indicates that you have obtained a registration for the mark
FORMS OF INTELLECTUAL PROPERTY

Contracts
FORMS OF INTELLECTUAL PROPERTY

Contracts

• Set the rights and obligations of parties relative to one another
• Set restrictions on how your assets, including intellectual property, are used by third parties
• Usually require advice, understanding, and negotiation to complete
• Provide evidence and enhanced protections in the event of a dispute
POTENCY OF PROTECTION

- Trade Secrets
- Copyrights
- Trademarks
- Contracts
- Patents

DIFFICULTY TO OBTAIN
THANK YOU!

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