

Contents

About the Editors xi
Preface xiii

CHAPTER 1

Putting Together the Pieces for a Successful Medical Device Company, *Karl Klassen* 1

About the Author 2

I. Introduction 2

II. Intellectual Property 3

- A. Patents 4
- B. Trade Secrets 8
- C. Trademarks 10
- D. Copyrights 11

III. Protecting Your IP Rights 11

- A. Early-Stage Inventing 13
- B. Disclosing Intellectual Property to Third Parties 16
 - i. Your Own Activity Can Destroy Your Ability to Obtain a Patent 16
 - ii. Avoid Creating Prior Art Usable Against Yourself 18
- C. Collaborating with Others 20
- D. Building a Team 21

IV. Medical Device Startup Development Cycles 22

- A. Identifying Unmet Needs and Inventing 22
- B. Protecting Intellectual Property 27
- C. Record Keeping 33

V. Facilities for Your Startup 34

Appendix A—Sample One-Way Nondisclosure Agreement 37

Appendix B—Sample Consultant Nondisclosure Agreement with IP Ownership Provisions 39

Appendix C—Two-Way or Mutual Nondisclosure Agreement with IP Ownership Provisions 42

CHAPTER 2

Building a Patent Portfolio, *Jonathan Feuchtwang and Doug Portnow* 47

About the Authors 49

I. What Is a Patent? 50

- A. First to File 51
- B. Absolute Novelty and Confidential Disclosure Agreements 51

II. Is My Invention Patentable? 52

- A. Patentable Subject Matter 52
 - i. Surgical Procedures 53
- B. Patentability and Freedom to Operate 54

III. Cost to Prepare and File a Patent Application 56

IV. Parts of a Nonprovisional (Utility) Patent Application 57

V. Inventors 59

VI. Assignments and Licenses 61

- A. Can I Compel an Inventor to Assign His or Her Patent Rights Without an Employment Agreement or Partnership Agreement? 61

VII. Provisional Applications 62

- A. Can I Re-File My Provisional Application? 63
- B. What Happens If the Nonprovisional Application Contains Embodiments That Were Not Included in the Provisional Application? 64
- C. What Happens If I Do Not File a Nonprovisional Application Claiming Priority to the Provisional Application? 64

VIII. International Patent Coverage: The Paris Convention and Direct Filing versus Patent Cooperation Treaty Application 65

- A. Special Procedure for Hong Kong 66
- B. Filing Strategy and Foreign Filing License 66
 - i. U.S. Invention 67
 - ii. Inventions Outside of the United States 67
- C. Unitary Patent 68
 - i. Cost of a Unitary Patent versus a Bundle of European Patents 68
 - ii. Drawbacks of Unitary Patent 68
- D. PCT Advantages 70
- E. PCT Strategy for Medical Device Manufacturers 70
- F. PCT Process 71
 - i. What Are the Costs for Filing and Processing an International Application under the PCT? 73
 - ii. Which Office Will Carry Out the International Search of My PCT Application? 74

iii.	What Is a PCT International Search?	74
iv.	What Is an International Search Report?	74
v.	What Is the Value of the International Search Report?	75
vi.	Will an International Search Be Carried Out for All International Applications?	75
vii.	What Is the Written Opinion of the International Searching Authority?	75
G.	International Publication	76
i.	Are Documents Contained in the File of the International Application Publicly Available?	76
H.	International Preliminary Examination	77
i.	What Is the Value of the International Preliminary Report on Patentability (Chapter II)?	77
I.	National Phase	77
i.	What Happens to My Application in the National Phase?	78
IX.	Prosecution of Your Medical Device Patent Application	78
A.	Novelty	79
B.	Obviousness	79
C.	Double Patenting	82
D.	Utility	82
E.	Written Description and Enablement	82
X.	Basic Process for Obtaining a Patent	84
A.	Restrictions and Election of Species Requirements	85
B.	Responding to Office Actions	88
C.	Claim Drafting	89
D.	Prior Art	93
E.	Continuation/Divisional Practice	94
F.	Rule 56 Duty of Disclosure/Candor	95
G.	Examiner Interviews: In Person versus Telephone	96
H.	Patent Exhaustion	97
I.	Patent Examiner Performance Tracking	97
J.	Patent Term	98
K.	Patent Publication at 18 Months	99
L.	Patent Term Adjustment	100
M.	Patent Term Extension under Hatch-Waxman	101
N.	Utility Models and Design Patents	102
i.	Utility Models	103
ii.	Design Patents	104
O.	Picking a Patent Attorney	108
XI.	Glossary	110

CHAPTER 3

Funding: Leveraging Your Patent Portfolio, *Peter Socarras and Mary Fox* 115

About the Authors 116

I. Introduction 117

II. Overview of IP Due Diligence 117

III. Preparing for IP Due Diligence 118

A. Coordinating the IP Story with the Business Story 118

B. Know the Product 119

C. Conduct an FTO Analysis 119

i. Designing the Search Strategy 121

ii. Analyzing the Search Results 123

D. Prepare a Patent Landscape 124

E. Confirm Ownership 125

F. Prepare a Diligence Folder 125

G. Know Your Investors 128

i. Angel Investors 128

ii. Grants 128

iii. Venture Capital 128

iv. Debt Financing 129

v. Initial Public Offerings (IPOs) 129

IV. Presenting the IP Story 130

A. Strategic Explanation of the Technology 130

B. Describe the Patent Portfolio 130

C. Ownership 131

D. Initial FTO Discussion 131

E. Follow-Up Discussions 131

CHAPTER 4

Freedom to Operate, *Adam Floyd* 133

About the Author 134

I. Cost-Effective Strategies for Preserving Freedom to Operate and Limiting Risk 134

II. Overview of a Freedom-to-Operate Analysis 135

III. Working Example 137

IV. Freedom-to-Operate Analysis 138

A. Identify the Components of the Product 139

i. Working Example 139

B. Value of the Product to Your Company 139

i. Working Example 140

- C. Potential Exposure 140
 - i. Lost Profits 140
 - ii. Reasonable Royalty 141
 - iii. Your Attorney's Fees and Other Costs 142
 - iv. Enhanced Damages 143
 - v. Injunction 143
 - vi. Working Example 144
- D. Flag Potentially Applicable Patents 144
 - i. Working Example 144
- E. Make Sure the Flagged Patents are Still in Force 147
 - i. Working Example 147
- F. Infringement Analysis 147
 - i. Working Example: 123 Patent 148
 - ii. Working Example: 456 Patent 150
- G. Invalidity Analysis 152
 - i. Working Example: 456 Patent 152
- H. Consider the Likelihood of Being Sued 153
 - i. Working Example 154
- I. Design Around 154
 - i. Working Example 155
- J. The FTO Opinion 155
- V. Additional Options to Consider That May Limit Risk 156**
 - A. Indemnification 156
 - i. Working Example 156
 - B. Patent Exhaustion 157
 - i. Working Example 157
 - C. License 157
 - i. Working Example 158
 - D. Defensive Patent and Patent Application Monitoring 158
 - E. Pre-grant Submissions 159
 - F. *Ex parte* Reexamination 159
 - G. America Invents Act Proceedings 160
 - H. Have a Strong Defensive Patent Portfolio 161

CHAPTER 5

Transactions Related to Patent Licensing and Exits,

Roy P. Díaz and Bill Revelos 163

About the Authors 164

I. Transactions Related to Patent Licensing and Monetization Strategies 165

- A. Introduction 165
- B. Defining the Business Model and the Economic Ecosystem 165
- C. Visualizing the Opportunity: Generating an IP Asset Map 166

II. Licensing Opportunities Centered on Monetizing Intellectual Property 169

- A. Enforcement Licensing 169
- B. Opportunity Licensing 170
- C. Opportunistic Licensing 170
- D. Divestiture Licensing 170
- E. Patent Licensing 170
- F. Startup Licensing 170

III. The Value of Milestones 170

- A. Why Focus on Milestones? 170
- B. Where Did the Technology Originate? 171
 - i. Homegrown Technology 171
 - ii. Technology Invented Elsewhere 172
- C. Who Is the Licensor? 173
 - i. The University or Other Nonprofit Entity 173
 - ii. The Government 173
 - iii. The Incubator 174
 - iv. Industry 174
 - v. The Individual Inventor 174
 - vi. The Nonpracticing Entity 175
- D. Types and Examples of Milestones 175
 - i. Commercial Due Diligence Milestones 176
 - ii. Milestones Triggering a Payment to Your Licensor 178
- E. Your Licensor's Interests in Milestones 181
- F. Your Interest in Milestones as a Licensee and Medical Device Entrepreneur 183
- G. Negotiating Effective Milestones 184

IV. Anatomy of a Technology License Agreement 190

- A. Definitions 190
- B. Payments and Royalties 192
- C. Patent Prosecution and Enforcement 193
- D. Termination Provisions 196

CHAPTER 6

Trademarks in the Medical Device Industry,

Matthew D. Asbell 199

About the Author 200

I. Introduction 200

II. Choosing a Trademark for a New or Rebranded Medical Device 201

- A. Trademark Selection and Clearance 201
- B. Protectable Trademarks 203

- C. Trademarks with Limited or Questionable Protection 204
 - i. Surnames 204
 - ii. Geographic Marks 204
 - iii. Laudatory Terms 205
 - iv. Distinctiveness and Foreign Language Equivalents 205
- III. Trademark Use 206**
 - A. Uses That Confer Trademark Rights 206
 - B. Document Retention 207
 - C. Avoiding Misuse 208
- IV. Registration 209**
 - A. Proper Description and Classification of Goods and Services 210
 - B. U.S. Examination Criteria and Likelihood of Confusion 210
 - C. U.S. Applications Based on Foreign Marks 211
 - D. Registration of U.S. Trademarks in Foreign Jurisdictions 211
 - E. Acquired Distinctiveness 213
 - F. Trade Dress 214
 - G. Portfolio Management and Evolving Technologies 215
- V. Trademarks in Business Transactions 215**
 - A. Licensing 215
 - B. Assignment of Rights 216
- VI. Regulatory and Compliance 217**
 - A. Device Regulation, Classification, and Selling Requirements 217
- VII. Domain Names 218**
 - A. Registration of Domain Names and Defensive Strategy 219
 - B. Cybersquatting and Enforcement 220
- VIII. Trademark Enforcement 221**
 - A. Brand Protection 221
 - B. Counterfeiting 221
 - C. Dilution 222
 - D. Exhaustion of Trademark Rights and the Gray Market 223

CHAPTER 7

Inventorship and Entrepreneurship: A Non-U.S. Perspective, *Daniel M. Goldstein* 225

About the Author 226

- I. Introduction 226
- II. The Inventor's Blind Spot 228
- III. Patentability Searching: Who, What, Where, When, Why, and How (Much) 229

- IV. The Evolving Product: Avoiding Premature Infringement Analysis 233
- V. Ownership Questions: The Short Journey from Portfolio Asset to FTO Liability 234
- VI. Postscript 236

CHAPTER 8

The Evolution of Interventional Cardiology: A Lesson for Inventors and Entrepreneurs,

Rafael Beyar 237

About the Author 238

- I. Introduction 238
- II. The First Decade of Percutaneous Intervention: Balloon Angioplasty 239
- III. The Second Decade of Percutaneous Intervention: Stents 240
- IV. The Third Decade of Percutaneous Intervention: Drug-Eluting Stents 242
- V. The Fourth Decade of Percutaneous Intervention: Valves and More 243
- VI. Summary and Future Perspectives 245

Index 247