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Toy story

By Kirsten Dinnes

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There was a fascinating article about a patent case in CNBC.com recently. Fascinating because it deals with a number of the issues that inventors face when it comes to protecting their inventions, and subsequently enforcing their rights.

The report tells of a US inventor called Jon Capriola, who in 2002 came up with the idea of making LED-powered children's construction toys, the thinking being that the building block sets illuminate with different colours.

Capriola developed the product over time, and in 2006 he filed a provisional patent application in the USA.

Capriola brought the product to market under the name Laser Pegs in 2009, by which time he also had a complete patent, sometimes referred to in the USA as a '558 patent'.

Some time after launching his product, Capriola discovered that a larger competitor was selling a similar product called Lite Brix. So Capriola sued for patent infringement, and his competitor countered by applying for the cancellation of Capriola's patent. These cases are still pending.

To add spice to the matter, Capriola claims that the competitor pulled a fast one on him. He says this of the competitor: "He approached me at a toy fair... he took me out to dinner and acted as if he was going to invest in me... I was excited." Patent attorneys hear this story time and time again!

Capriola has also discovered that the patent system isn't exactly straightforward. It appears that the competitor also has a patent for the technology, having in 2012 used the fast-track procedure that's available in the USA - this procedure allows a patentee to cut the registration period from some five years down to roughly five months, provided that they're prepared to pay an extra US$5000. The competitor seems to have obtained this fast-track patent not so much with a view to enforcing any rights, but rather to persuade large toy retailers to stock his products - retailers can, or course, require guarantees that they won't face any patent or other legal issues if they stock a particular product.

US patent system

The article makes mention of the fact that the US patent system has recently moved from a 'first-to-invent' to a 'first-to-file' system, which means that the first person to file the application gets the patent. It discusses the fact that enforcing a patent - which normally starts with an application for an interim interdict - can be cripplingly expensive for a small company, so much so that a "start-up's growth can become paralysed." Yet it goes on to say this: "Despite the loopholes, the importance of obtaining a patent as soon as possible cannot be overemphasised. Intellectual property and patents are often used as

collateral in attempts to gain investor support."

The article concludes with some advice that may seem harsh, but is also pragmatic: "Love your idea and be passionate about it, but be realistic. Sometimes the best option is to sell your idea or partner with a larger, more economically sound and trusted company."

Although the article deals with a number of issues, the message is clear and simple - you, the inventor, need to get specialist advice from the outset, right from the concept stage. You need advice on just what the implications of disclosing your invention - or any aspect of your invention - to a third party (perhaps a possible funder) are.
Disclosure can certainly destroy the novelty that is a requirement for patentability. You also need to be aware that you can mitigate some of the risks involved in disclosure by requiring the party to whom you are disclosing the information to sign a confidentiality agreement, also known as a non-disclosure agreement.

You need advice

You need advice on the reasons for patenting - in most cases it is, of course, to get the 20-year monopoly protection that a patent gives, but, as the article shows, there may other reasons too, for example to raise finance, or to persuade retailers to stock your product. Or simply to prove that you were the first to have the idea!

You need advice on the requirements for getting a patent - the invention must be new, it must involve an inventive step, and it must be capable of being applied in trade, industry or agriculture. But what exactly does that all mean?

You need advice on just what can and can't be patented, the specific exclusions, and the issues surrounding computer programs and business methods.

You need advice on exactly what rights you will enjoy when you get your patent, and what legal remedies will be available to you.

You need advice on what procedures will apply - will your application be examined to see if it is in fact novel as happens in countries like the USA, or will it simply be accepted without substantive examination, as happens in South Africa?

You need advice on just how you should go about getting patent protection: the provisional patent; the complete patent; the fast-track options that exist in certain countries; the ways of getting protection aboard through the Patent Cooperation Treaty (PCT) system, the European Patent, the Eurasian Patent, the proposed EU Unitary patent, the OAPI and ARIPO systems that covers much of Africa.

And you need advice on cost - can you really afford to do this, or should you be entering into an arrangement with a bigger company? A 'war chest' for both product development and protection is needed.

All in all, there's a lot to take into account. But there's also a great deal at stake, so you need to get it right!

ABOUT KIRSTEN DINNES

Kirsten Dinnes is a trainee associate at ENS (Edward Nathan Sonnenbergs) and has four years' experience. She practices as an attorney in the intellectual property department.
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