



## What Software Companies Should Know About Patents

Zachary W. Behler

*Foster Swift Information Technology E-News*

January 19, 2010

Recently, I have had the pleasure of representing companies that have developed interesting software products. Through these representations, it has occurred to me that many software companies do not know the ins and outs of the patent process or whether their software can even be patented. Therefore, I am writing this article to convey five things that every software company ought to know about their availability of patent protection and the steps that their companies should take to make sure their inventions are protected.

### **1. SOFTWARE IS PATENTABLE.**

Although this has not historically been the case, it has been over 10 years since the patent office started to allow software companies to file patents on their software inventions.

### **2. THE DIFFERENCE BETWEEN PATENTS AND COPYRIGHTS.**

Software companies also need to understand the difference between patent and copyright protection. Copyright law protects the software program source code from being duplicated by another party. This duplication has to be a direct copying or the creation of a derivative work based on the original code. Due to the limitations on copyright protection, in many cases where a software program is more than a mere database and has a function, patent protection is needed to truly protect a piece of software from being copied. If programmers rely solely on copyright law, a competitor can merely write a new program that performs the same function.

### **3. BEWARE OF THE STATUTORY BARS.**

Once your company has a good understanding as to the advantages of patenting software, the next step is to understand the time limitations involved in the patent process. Generally, an invention can only be patented if a patent application is filed within one year of the invention's first publication, public use, or offer for sale. This may seem like a long time; however, if an inventor is not diligent these time limitations can really sneak up on you. For example, say your company

#### **CONTACT**

**Zachary W. Behler**

P: 517.371.8323

E: [zbehler@fosterswift.com](mailto:zbehler@fosterswift.com).

#### **AUTHORS/ CONTRIBUTORS**

Zachary W. Behler

#### **PRACTICE AREAS**

Information Technology Law

Intellectual Property



has a new project and announces it on the company's website. Such an announcement could be construed by the Patent office as a publication of the invention. This may be true even if your company has not yet prepared to file a patent application. Therefore, it's important to recognize very early in the development process whether your company would like to pursue patent protection so that you do not publish, publically use, or offer for sale the invention before consulting your patent attorney.

#### **4. BEST PRACTICES.**

If your company routinely designs software, it is a good idea to put together an invention disclosure program so that your employees inform management of any new developments as they are invented. This early disclosure of the invention affords management some time to decide whether to incur the cost of the patent process while the program is still being designed and perfected. An invention disclosure program is normally articulated in the company's employee handbook. These handbook provisions include a uniform invention disclosure form which the employee will be directed to fill out, and written procedures explaining when and how to provide the completed forms to management. Many large companies actually connect a financial incentive for completing and turning in these invention disclosure forms. Small companies, however, may be intimate enough that inventions do not slip through the cracks and thus such a program may not be needed.

#### **5. NONDISCLOSURE AGREEMENTS.**

If your company has an invention but lacks the expertise to commercialize on its own, it's likely that you may be hiring outside consultants to finish testing or designing your company's invention. It's very important that any disclosure of your invention to a third party consultant is done only under the terms of a nondisclosure agreement. Such agreements contractually bind the third party to keep your invention confidential so as not to invoke any of the statutory bars. The contracts also insure that your consultants are not tempted to steal your idea before you have had time to get your patent issue, or disclose the invention to third parties who may steal your invention.