

Patenting opportunity

Intellectual property law work on the rise

By KRISTEN D'ANDREA

According to a recent survey by The American Lawyer, intellectual property law is among the top three practice areas firms expect to grow in 2014.

The purpose of IP law is to encourage and facilitate the development of new technology and artistic expression. As Long Island-based businesses recover from the recession, law firms are increasingly seeing that technological development, according to local attorneys. Companies are turning to increased patent litigation and research and development to protect products derived from those efforts.

"The economic recovery is underscored by the development of new technology," said Mike Cannata, a senior associate with Rivkin Radler in Uniondale. "Companies are looking at ways to protect that."

In the beginning of an economic downturn, businesses generally try to continue to protect their IP and development work because that's the future of the company, said Ray Farrell, founding partner of Carter, DeLuca, Farrell & Schmidt in Melville. If the economic downturn deepens or lasts longer than expected – as it did with the Great Recession – those budgets are likely to be cut, Farrell said. Patent litigation, which can end up costing millions of dollars, may decrease because it is a voluntary expense on the part of the party suing. Additionally, companies have six years to sue for damages, which leads to some flexibility in timing.

"The projected increase [in IP law in 2014] is a sign that things are improving economy-wide," Farrell said.

To be sure, the number of utility patents with a U.S.-based origin rose from 75,000 in 2008 to 121,000 in 2012, according to data from the U.S. Patent and Trademark Office. From 2009 to 2012, the number of trademark applications filed with the office jumped from 267,000 to 312,000.

Locally, in 2008, Suffolk County inven-

tors were granted 343 utility patents while Nassau inventors acquired 252. By 2011, the number of utility patents increased to 438 in Suffolk and 268 in Nassau.

"I've noticed a marked increase over the past two to three years in the number of Long Island-based businesses who are filing for trademark protection with the U.S. Patent and Trademark Office," Cannata said.

Several changes that are starting to take effect as a result of the America Invents Act, signed into law by President Obama on Sept. 16, 2011, are also expected to play a role in IP growth. As of March 2013, the patent office switched from a "first to invent" policy to "first to file," in effect shifting emphasis from the date a product was invented to the date the patent application was filed.

"It's a big deal," said Ronald J. Baron, founding partner of Hoffman & Baron in Syosset. "Because the America Invents Act has changed the rules in the United States to the first inventor to file, [a premium has been placed] on filing your application as soon as possible after an invention."

Baron said he anticipates it will take a year or two before battles related to this "new wrinkle" hit the patent office.

Last year, there was a flurry of activity among inventors trying to file patents under the old rules, Farrell said.

"The new rules will likely just get people, who were going to file anyway, to do it sooner so they don't lose their rights," he said.

Another part of the America Invents Act that went into effect in September 2012, the Inter Partes Review, is a trial proceeding conducted by the patent office's patent trial and appeal board to review the

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patentability of claims in a patent.

Inter Partes Review enables a non-patent owner to take a patent back to the patent office to have it re-examined, Baron said, noting his law firm is one of only 20 to 50 in the country handling IPRs. The court may choose to invalidate



the patent or require the patent owner to amend claims resulting in a new patent with a different scope of protection, he said. Baron said he's experienced an additional 10 to 15 percent increase in work in that area over the last 18 months.

For a company accused of patent infringement, an IPR can be a lot less expensive than going to federal court, said Paul Esatto, a partner at Scully Scott Murphy & Presser in Garden City. With an IPR, if an inventor accuses a third party of infringement and the patent office invalidates the patent, there can't be any infringement because there was no patent, he said.

Handling IPR and "first to file" matters will lead to increased business for IP law firms nationwide, Esatto said.

"I think companies will require law firms to handle and prepare patent appli-

cations in a much more timely and efficient matter," he added.

On Long Island, however, local attorneys said it remains to be seen just how much their IP workload will continue to pick up.

"Whether or not this increase in IP work occurs in the Long Island business community depends largely on whether or not the Long Island business community can grow its companies that rely on IP as the basis for their commercial activity," Baron said.

Local efforts to get start-ups off the ground, bolstered by organizations like LaunchPad Long Island, the Long Island Angel Network and Accelerate Long Island, will play a role.

"That results in increased IP activity because their primary leverage for getting investors is the IP," Farrell said.



RAY FARRELL: Intellectual property work will continue to pick up in 2014, as the economy improves.