

# Birth of A Small Company - Illustration of the Trade Secret and Patent Laws

ROGER MASSON

Ryndak & Suri

1

## Specialty Fertilizer Prodx Facts

- v Small Company
- v Founded in 1998
- v Produces high value component for fertilizers
- v Funded by private investors
- v Needs to partner with larger fertilizer producers

Ryndak & Suri

2

## Patents Granted/Technology

- v 6,703,469 – polymer
- v 6,706,837 – method of making polymer
- v 6,753,395 – a seed having a coating
- v 6,756,461 – method of enhancing the growth of plants
- v 6,818,039 – fertilizer coated with polymer

Ryndak & Suri

3

## Patents vs. Trade Secrets – Obtaining Financing

- v Trade secrets are secret! Patents are public.
- v Ownership of patents can be recorded
  - v Thus easier to sell and license patents, obtain financing, and attract investors – especially important for start up.
- v Patents give notice to others of rights of patentee
  - v Difficult for large companies to handle trade secrets of others
  - v Thus large companies will often require the small company to waive confidentiality

Ryndak & Suri

4

## Patents vs. Trade Secrets – Which inventions to patent?

- v Trade secrets can be copied/reverse engineered
- v Competitors can independently invent your trade secret and patent it.
- v Patents grant a 20-year monopoly – nobody can practice your invention
- v Patent everything in public eye and consider trade secrets for everything else
  - v Products
  - v Processes of manufacturing

Ryndak & Suri

5

## Disclosure – The Cost of Obtaining a Patent

- v Patent requires “enabling” disclosure of the invention
  - v To obtain a patent for a new chemical, the inventor must disclose how to make it.
  - v Thus the inventor might as well claim a method of making it.
- v Patent requires disclosure of “best mode.”
  - v The inventor has to disclose what he or she thinks the best way to practice the invention is at the time of application

Ryndak & Suri

6

## Having it both ways

- v Developments after application is filed do not have to be disclosed
- v Others in the company may know better ways
- v Best mode and enablement do not require disclosure of every detail, e.g., do not have to identify best mode

Ryndak & Suri

7

## Conclusion

- v When bringing a new chemical to market, as early as possible, file a patent application for:
  - v The chemical
  - v Method of Making
  - v Principal Uses
- v Also maintain confidentiality on the method of making to obtain trade secret protection (file PMNs in confidentiality)

Ryndak & Suri

8

- v Roger Masson
- v Ryndak & Suri
- v [masson@ryndaksuri.com](mailto:masson@ryndaksuri.com)
- v 312-214-7770

- v Copies may be made of this presentation as long as the authorship of Roger Masson is acknowledged.