

PATENT USA NEWS

Intellectual Property Today Ranks Lerner & Greenberg Among Top 25 Patent Firms In The Country Hollywood Firm Prosecuted More Patents Than Any Other Law Firm in Florida

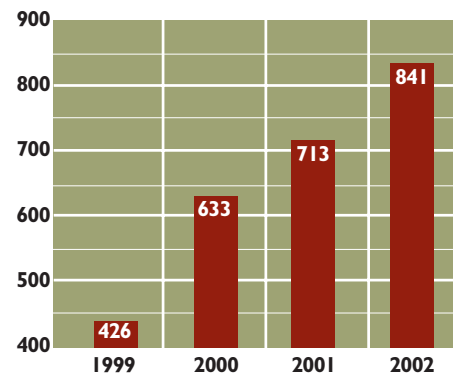
Intellectual Property Today, one of the nation's leading magazines on intellectual property law, recently honored shareholders Laurence A. Greenberg, Werner H. Stemer, Ralph E. Locher and Gregory L. Mayback by ranking Lerner & Greenberg, P.A. among the top 25 patent firms in the United States. The publication declared that the firm set a new record for prosecuting patents for Florida law firms by obtaining 841 patents in 2002. This is the fourth consecutive year the firm has been on top in the Sunshine State.

"This is a wonderful achievement and we couldn't be more excited about our continued success," said Larry Greenberg, Managing Shareholder and President. "Ranking number 25 on a list of more than 400 firms demonstrates the level of trust we have earned from some of the most significant technology companies in the world. Our dedication and knowledge have led to tremendous business growth over the past four years."

Tracing its roots back to 1842 to a predecessor firm, Knight Brothers, Lerner & Greenberg advises clients on key issues of intellectual property law, such as patents, trademarks, unfair competition, licensing, trade secrets, international patents and dispute resolution, as well as issues concerning the Internet and domain names. The firm's patent attorneys also assist in the preparation, filing and prosecution of trademark and copyright applications and intellectual property litigation.

The firm obtains patents for a wide variety of innovations including semiconductors, computer software, printing presses, lasers, catalytic converters, tires and control systems for automobiles, sound systems, medical equipment, trains, postage meters, textile equipment, household appliances, food processing equipment, as well as nuclear, fossil fuel and fuel cell systems for power generation.

Patents Obtained 1999-2002



Continued on page 4

INSIDE

2 Radical New Fee Structure Nears Approval

2 Madrid System Creates Ease for Obtaining International Trademarks

3 South Florida Businessman Cashes In on Invention

3 Lerner & Greenberg Is "Business of The Year" Finalist

4 Mayback named Best of Bar

ADVERTISEMENT

LERNER & GREENBERG, P.A.

PATENT ATTORNEYS

2445 Hollywood Blvd.,
Hollywood, Florida 33020

Ph: 954-925-1100
Attn: Larry Greenberg

Radical New Fee Structure from the U.S. Patent and Trademark Office Nears Approval



By Larry Greenberg, President
& Managing Shareholder

On May 22, 2003 the House of Representatives Judiciary Subcommittee on Courts, the Internet and Intellectual Property approved H.R. 1561, the United States Patent and Trademark Fee Modernization Act of 2003. The Act contains a new fee structure that will fund the 21st Century Strategic Plan of the U.S. Patent and Trademark Office (PTO). The Act not only sharply increases fees but also changes the categories for which fees are collected.

Historically, Patent and Trademark Office fees increase approximately 5% each year. Under the new fee system, the fees collected would increase 14% or \$192 million in the year 2004. Currently a portion of the fees collected by the PTO are diverted to unrelated federal programs. The new legislation would allow the PTO to collect and spend the fees it charges. According to the 21st Century Strategic Plan, the increased funding to the Patent and Trademark Office is intended to allow the PTO to meet the goals and objectives of the Plan, such as improved quality and productivity by, inter alia, permitting the hiring of people who make the best examiners and preventing an increase in the backlog of pending patent applications.

Currently, there is a single filing fee for all U.S. Non-Provisional Utility National Patent Applications (filed under 35 U.S.C. §111(a)), so-called regular U.S. patent applications, which is \$750.00 for large entities (individuals and corporations with over 500 employees) and a slightly higher fee for PCT National Stage Applications (filed under 35 U.S.C. §371). These fees vary somewhat depending on the total number of claims and the number of independent claims. The single filing fee covers the cost of filing, searching and examination.

Under the proposed legislation, a three-tier system would be put in place, calling for a filing fee of \$300.00, an examination fee of \$200.00 and a search fee of \$500.00, for both Regular U.S. Patent Applications and PCT National Stage Applications. Therefore, an applicant would need to pay a total of \$1,000.00 for the services, which currently cost \$750.00, marking an increase of over 33%.

However, the new system permits an applicant to obtain a refund of a portion of the examination and search fees by filing a declaration of express abandonment before an examination (including a search) has been made. This will allow an applicant to recoup a large portion of the initial fees paid upon filing if a determination is made by the applicant that the invention does not have sufficient commercial viability. This change is intended to better reflect the needs of applicants (who wish to file an application as early as possible but may lose interest in the

application later) while more accurately correlating the fees with the costs of the services provided.

Under both systems, filing fees vary somewhat depending on the total number of claims and the number of independent claims. However, the increase under the proposed system is much greater. The basic filing fee under both the current and the proposed plan cover a maximum of 20 claims and a maximum of 3 independent claims. Under the current system, additional claims in excess of 20 cost \$18.00 each and additional independent claims in excess of 3 cost \$84.00 each. Under the new system, additional claims in excess of 20 cost \$50.00 each and additional independent claims in excess of 3 cost \$200.00 each. Therefore, for example, the cost for additional claims in an application having 5 independent claims and 25 claims in total will jump from \$168.00 to \$650.00.

It should also be noted that Patent and Trademark Office personnel as well as so-called "Qualified Search Authorities" may be used to perform searches. The concept of using such Qualified Search Authorities will be tested to determine if it is a feasible way of addressing the PTO's increasing workload. The search fee mentioned above is transitional and will eventually be established based upon the estimated average cost to the PTO of searching applications by Patent and Trademark Office personnel or a Qualified Search Authority.

The three-tier fee system will also be in effect for Design Patent Applications, Plant Patent Applications and Reissue Patent Applications, so that the total fees for those services will also rise drastically.

Finally, a new fee of \$250.00 will be charged for presenting each 50 pages of specification and claims in excess of 100 pages.

Other filing fees for Provisional Patent Applications, the presentation of multiple dependent claims, petition fees, appeal fees, recording fees, revival fees, extension fees and issue fees will increase, but not as drastically as those described above. The three fees for maintaining patents in force beyond 3, 7 and 11 years after issue will increase by \$910.00 or 15% if a patent is maintained to full term.

Under the Act, the filing fee for an electronic application for the registration of a trademark will be \$325.00 per class and the fee for a paper application will be \$375.00 per class. In addition, if the application is prosecuted electronically, the filing fee may be further reduced to \$275.00. These fees thus provide a clear incentive for applicants to file and prosecute trademark applications electronically, in keeping with recent policy regarding the filing of trademark applications. The new fees are contrasted with the filing fee of \$335.00 charged currently.

The projected effective date for the fee increases is October 1, 2003, although the actual date is likely to be later since the Act has not yet been voted on by the full House of Representatives and no action has taken place on the corresponding senate bill.

LERNER & GREENBERG, P.A.

Lerner & Greenberg Named "Business of The Year" Finalist

The editors of the South Florida Business Journal recently honored Lerner & Greenberg by naming it a finalist during the 2003 Business of the Year Awards at the Turnberry Isle Resort & Club in May.

The firm was honored in the Professional Services category for companies with gross revenues under \$10 million. The Business of the Year Awards recognize the accomplishments of various business industries in the South Florida marketplace - including General Business, Professional Services, Real Estate & Construction and Marketing. The judging panel was comprised of CEOs and business owners who themselves know the challenges of operating a business in South Florida. The criteria used to determine winners included revenue growth, creation of jobs, commitment to employees and community involvement.

Managing Shareholder Larry Greenberg who accepted the award on behalf the firm thanked the employees for making all of this possible and making the firm among the top 25 patent firms in country.

**SOUTH FLORIDA
THE BUSINESS JOURNAL**

Fort Lauderdale Businessman Earns Great Success with Coin Guard Invention

Fort Lauderdale resident Thomas McClellan has set up an interesting home-based business that has turned the 64-year-old retired surgeon into an international businessman virtually overnight. He invented a unique patented device called the Coin Guard®, something that started off as a “delightful part-time business.”

During the past five years, Thomas has sold more than 500,000 of these Coin Guards®, ingenious one-piece stainless steel devices which protect pay telephones, parking meters and vending machines from vandalism and coin theft. The product, which sells for \$19.95 each, has been purchased locally and around the world — from Miami-Dade and Broward counties to Italy, Mexico, Panama, Chile, Argentina, Uruguay, Taiwan and Canada.

Thomas, who moved to Fort Lauderdale in 1989 from Charleston, West Virginia after a successful career as a urologic cancer surgeon, said today's sluggish economy should not deter the next generation of young workers from exploring their entrepreneurial capabilities. “An entrepreneur needs to be opportunistic,” he advises. “There are more opportunities to make money in 2003 than since the beginning of time. You just need to be creative, focused, and proactive.”

“The reason why Thomas has done so well is that he knows how to market his product,” said his patent attorney, Ralph Locher, a Lerner & Greenberg partner. “Unfortunately, many inventors are dreamers with little marketing know-how. Thomas, on the other hand, did his homework on what was required in his niche market and knew where to advertise his product.”

Thomas came up with the idea for his anti-theft device when he and his wife Mary were operating a public pay phone business called National Pay Phone, with operations in Broward and Miami-Dade counties.

“People started jamming the pay phones with paper and wires to extract the coins,” Thomas explained. “So, I came up with an idea for an anti-theft device that I sketched on a napkin in McGuire's Irish Pub.”

Thomas showed the concept to his wife, and then promptly threw the napkin away. But Mary retrieved the napkin and placed it on his drawing room table the next morning.

Because of his wife's faith in the product's potential, Thomas resolved to start a low overhead business that he could turn over to his younger wife to run long after he passed away. To perfect the product, Thomas and his wife

staked out his pay phones and watched people “use and abuse them until I came up with an anti-theft device that couldn't be beat.”

After doing some initial research in the local library to determine the uniqueness of his product, Thomas approached Locher at Lerner & Greenberg for help in obtaining a patent. On Oct. 21, 1998, a patent application was filed. More than two years later, the U.S. Patent Office issued him a utility patent on Aug. 7, 2001.

“There are two types of patents: design patents and utility patents,” Locher explained. “A design patent protects the specific design including the ornamental beauty of a product. But it provides limited protection because it

covers only a specific design. If someone modifies the design, he may have overcome the existing patent.

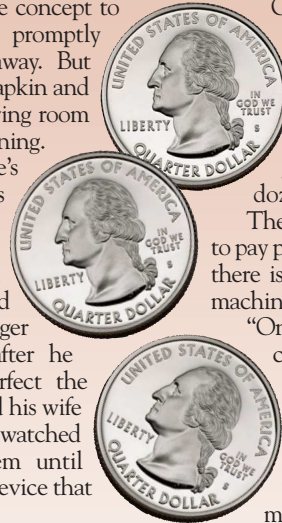
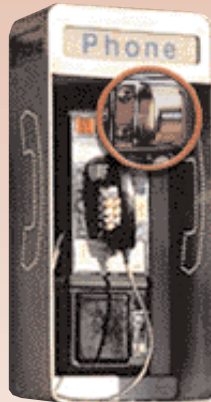
“On the other hand, a utility patent protects the concept of a product. You could design unlimited variations of that product, and all of them would be protected by the patent because it is the concept that is patent protected and not a specific embodiment of the product.”

Originally, Thomas advertised Coin Guard® in carefully selected magazines aimed at pay phone operators. Today, he markets his product exclusively on his web site (www.coinguard.com), which has generated sales in more than two dozen countries.

The Coin Guards® is predominantly sold to pay phone operators. However, Thomas says there is a market for his product on vending machines and parking meters.

“One of the largest vending machine companies in Italy uses my product,” Thomas said. “And several years ago, the City of Miami Parking Division asked me to modify the design to fit on downtown parking meters. Today, you will find Coin Guards® on parking meters in Miami, West Hollywood, California, and in some Canadian cities.”

The death of his wife 2^{1/2} years ago, however, altered his plans for expansion. “If I were more ambitious, I could turn this into a big business, expanding beyond my core pay phone customers to include more sales to operators of vending machines, parking meters... maybe even newspaper racks,” Thomas confided. “But, since I'm comfortably retired, I'm content to keep it a delightful part-time business with me as the sole employee.”



The Madrid Protocol Creates Ease For Obtaining International Trademark Registration

The Expected Flood of Applications May Lead to More Challenges

By Ralph Locher, Shareholder

The Madrid Protocol Implementation Act, which goes into effect on November 2, 2003, will provide a cost effective and administratively simplified process for filing international trademark applications. With this streamlined process, there will be a critical need to protect existing trademarks, which could lead to more legal oppositions and challenges.

Under the Madrid Protocol, one can file a single international trademark application and declare that it be prosecuted in multiple countries at one time. A registration on the International Register provides the same benefits as if the application was filed in the individual country, and it is valid for 10 years.

More than 50 countries will participate in the Madrid Protocol

including (but not limited to) Germany, Austria, Switzerland, Japan, Italy, Great Britain, France, Russia, and the United States. A complete listing can be found at www.wipo.int/madrid. Any individual or organization that currently has a registered trademark or a pending trademark application can take advantage of Madrid's benefits and managerial efficiencies as long as the applicant is a “qualified owner”. An applicant is a “qualified owner” if the applicant is a United States citizen, domiciled in the United States, or has a real and effective industrial or commercial establishment in the United States.

Under the Madrid Protocol, the application may be submitted in English and the United States Patent and Trademark Office (USPTO) will verify that the information in the international application conforms to the application or registration filed in the United States. It then forwards the application to the International Bureau of the World

Continued on page 4

Gregory L. Mayback Named Best of The Bar



Gregory L. Mayback, a shareholder with Lerner & Greenberg, P.A. who concentrates his legal practice on the acquisition, prosecution and litigation of patents, trademarks, and copyrights, has been named "Best of the Bar for Patent Law" by The South Florida Business Journal. The publication honored the top attorneys who were voted by the South Florida legal community as the "most respected or admired" out of more than 1,000 nominees.

In addition to his patent practice, Mayback also handles domain name dispute resolution under the Internet Corporation for Assigned Names and Numbers (ICANN) policy and rules, and serves as co-counsel on litigation matters. His electrical engineering background has equipped him to serve multinational manufacturers seeking patents for complex innovations such as semiconductors, computer software, printing presses, lasers, catalytic converters, tires and control systems for

automobiles, sound systems, medical equipment, trains, postage meters, textile equipment, household appliances, food processing equipment, as well as nuclear, fossil fuel and fuel cell systems for power generation.

Mayback was a federal law clerk for the Hon. C. Clyde Atkins at the U.S. District Court for the Southern District of Florida and has been admitted to practice before the United States Patent and Trademark Office, the U.S. District Court for the Middle District of Florida, the U.S. District Court for the Western District of Michigan and the United States Court of Appeals for the Eleventh Circuit.

A member of the Intellectual Property Committee of The Florida Bar, Mayback is a past-president of the Intellectual Property Law Association of Florida (IPLAF) and is currently a member of The Florida Bar.

Mayback graduated from the University of Miami School of Law with honors in 1992. He was an associate editor for the *Inter-American Law Review* and a member of the Moot Court Board. Born in the Bronx, New York, Mayback earned electrical engineering and mathematics degrees with honors from Vanderbilt University in 1986.

Continued from page 2

Ease for Obtaining International Trademark Registration

Intellectual Property Office (WIPO) in Switzerland. WIPO will then create an international registration and further process the application by forwarding copies to the individual countries designated (contracted parties) in application form for consideration and acceptance of the international registration.

Each designated country (contracted party) will examine the application and each has the right to refuse to extend protection to the international registration in its territory based on generally recognized rights.

International registrations have several advantages, primarily, only one application must be filed in one language and fees are paid only to one office instead of filing separate applications in different languages in different countries with multiple fee structures.

Application costs are based on Swiss Francs. The basic filing fee is 653 or 903 Francs, depending on any color reproduction requirements for the mark. In addition, each individual country listed for examination has an applicable filing fee. The cost for filing in the United States has not yet been determined but some have estimated the costs to include a \$350.00 (US dollar) base fee and a \$100.00 fee per designated class of goods.

However, the Madrid Protocol's simplified process creates several vulnerabilities. First, a party to whom a registration is assigned must meet the definition of a "qualified owner" or else the international registration will fail upon the transfer of ownership. For example, Mexico is not a party to the Madrid Protocol and therefore a Mexican citizen might not be defined as a "qualified owner". One solution to this problem is for corporate entities to set up subsidiaries in the country of interest to purchase the mark. However, such a move is often cost prohibitive.

In addition, one now must search thoroughly the WIPO database of international trademarks or similar international databases to determine the availability of a mark. This is an additional cost that offsets some of the savings provided by the Madrid Protocol.

Another significant area of frustration will occur when foreign applicants designate the United States and face continuous indefiniteness rejections relating to the identification of goods and/or services. Many countries, such as Germany, allow broad sweeping definitions for identifying goods and services. For instance, it is not uncommon to see a recitation such as "electrical and/or electronic switching, control, measuring, protection, monitoring, alarming and signaling devices" in a German trademark application.

In contrast, the USPTO requires an exacting and specific identification of goods and/or services. Many foreign applicants will forfeit protection because they could not formulate an acceptable response in the allotted time frame.

Another disadvantage to filing an international registration and designating the United States rather than filing directly in the United States is that an international registration owner will not be allowed to amend the trademark should minor changes be necessary. In contrast, this is allowable under U.S. trademark practice as long as the changes are insubstantial.

Finally, the Madrid Protocol no doubt will create a proliferation of trademark registrations. Therefore, it will be crucial for businesses and individuals to protect existing trademark portfolios with increased monitoring, and this in turn may lead to increased oppositions filed with the USPTO.

Continued from cover

Top 25 Patent Firms

The firm was profiled in the June 23, 2003 "Business Monday" section of the *Miami Herald*. Greenberg told the reporter that he was pleased that major technology companies, manufacturers and inventors chose to do business in South Florida rather than competing cities such as New York or Chicago.

"Lower costs draw clients to the firm, and location is a factor. Salaries and expenses are lower in South Florida," Greenberg notes. "The cost of a patent application from start to finish could be as much as 50 percent less with Lerner and Greenberg than with the big-city firms," he said.

The firm's clients include some of the most prestigious corporations in the world including Siemens Corporation, Heidelberg Printing Press, Faber-Castell, Bosch, Infineon Technologies, Doppelmayr, Francotyp-Postalia, ABB, SGL Carbon, Becker Radio and Metzeler Tire and Rubber. The firm also serves a number of South Florida-based manufacturers including small businesses and individual inventors. Locher believes the firm makes a key contribution in growing South Florida's manufacturing and technology sectors.

"The firm is quite proud of the fact that our success rate in having applications mature into patents is approximately 15% greater than the average rate for all those filing U.S. patent applications," said Locher. "We are equally proud of our ability to keep prosecution to a minimum until issuance of a patent."

Greenberg points out that one major factor guiding the firm's success is all of the patent attorneys and agents were at one time working chemists, engineers and physicists.

Greenberg told the *Miami Herald* that "some inventors have no idea what can be protected" in their work. He added, "the lawyer's technical backgrounds is necessary especially when working with the lone inventor."