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Patent Claims Are Determinative of Patent Value

By David Wanetick

Two seminal studies report that the single most important determinant of patent value is the number of independent claims.[1] Reasons for these findings include:

- Claims are expensive to draft and prosecute. Filing fees are becoming even more expensive for patents that contain many claims.
- The more claims a patent family has, the more freedom of operation the patentee seeks. Similarly, the more claims a patent family has, the more assertion opportunities the patentee has.
- The more claims a patent has, the more difficult it will be to invalidate the patent due to the expense of attempting to invalidate the claims (each claim can cost between $5,000 and $20,000 to attempt to invalidate) and the diminishing probabilities of being able to invalidate all of a large number of claims.

In this article, I would like to offer two refinements to the well-researched rule of thumb that there is a direct relationship between the number of independent claims a patent has and the patent's value.

The first refinement is that the relationship of independent claims to patent family value seems to be curvilinear: While more independent claims seem to be a consistent indicator of patent value, there are diminishing or even negative returns associated with patents that contain excessive claims. According to our surveying of patent lawyers, it seems that there is a direct relationship between independent claim count and patent strength until there are between 40 and 70 claims per patent. After that, additional claims are not instructive as to incremental or decremental patent strength.

According to Lynda Calderone, chair of the intellectual property group at Flaster/Greenberg, P.C., if there are too many claims, there are likely to be a lot of redundant claims. Further, too many claims obscure the art of the invention—and the whole purpose of a patent is to put the public on notice as to what the invention is. If competitors cannot determine what your invention is they will not be dissuaded from (inadvertently) infringing your patent. The key is to have meaningful claims of varying scope without making the patent overly complex to understand.

Of further concern is that inventorship becomes problematic when there are too many claims on one patent. During prosecution, examiners are likely to separate superfluous claims on the submitted patent into a variety of patents. When this happens, it becomes difficult to determine who should be listed as inventors on the particular patents that devolved from the one initially submitted. If the inventors are associated with patents for which they did not conceptualize the innovation or there is a failure to list all of the true inventors, the patents can be rendered unenforceable after they issue.

While the number of independent patent claims may be the single most telling indicator of patent strength, it is not the only metric to be applied. Patent claims analysis is the other category of

1 Worthless Patents, Kimberly A. Moore, George Mason University, 2005; Probabilistic Patents, Mark A. Lemley (Stanford Law School) and Carl Shapiro (University of California at Berkley), 2005

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factors to consider in determining patent strength, and it is an important element in our patent valuation gauntlet. Patent claims analysis consists of the following issues, among others:

1. *How well do the patent's claims cover a commercially viable product?* It doesn't matter how many claims a patent has if such claims do not cover a commercially viable product or a product that could become commercially viable.

2. *How easy is it to detect infringement of the claims?* If infringement cannot be detected, the claims have little value because the patentee will not know when to enforce his patent rights. It is easier to detect infringement when patents describe apparatuses rather than processes since the former can be detected by observing how the end product (e.g. machine) works while the latter are harder to observe since the processes occur at a factory during the production process.

3. *How difficult is it to design around the claims?* When there is a low level of exactitude required to produce the embodiment—and the claims are too narrow or too complex—the claims are typically less powerful. For instance, a dessert or software program can be produced in a variety of ways that will approximate the patented recipes or software codes without infringing the patents.

4. *How clear is the language used in the claims?* Your claim must be clear so that you do not cause the reader to speculate about the claim. If you use words such as "thin," "strong" or "when required," then you are probably not being clear enough, unless such words are clearly defined in the specification. Such comparison words or general adjectives that are not well defined in the art may force the reader to make a subjective judgment, not an objective observation, making them potentially "indefinite" as a

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matter of law and causing the claim to be held invalid after litigation.

5. *Are the claims complete?* Each claim should cover the inventive feature and enough elements around it to put the invention in the proper context.

6. *How well is each of the claims supported?* There should be consistency between the claims and the description in terms of terminology and scope. The claims have to be supported by the description. This means that all the characteristics of your invention that form part of the claims must be fully explained in the description. In addition, any terms you use in the claims must be either found in the description or clearly inferred from or defined in the description.

The patent family will be stronger if it contains complementary claims, says Joel H. Bootzin, partner at Fitch, Even, Tabin & Flannery. Thus, some claims should cover a novel component, others the whole product, while others should be method claims to stop infringers that do not sell or use the final product.

While longer prosecution times indicate that the patentee believed there was value in the patent (thus justifying the time and expense of navigating a long prosecution), there are other issues to consider when reviewing prosecution history. For instance, a relatively high number of office actions may indicate that the examiner was unreasonable, the patent attorney was overly unyielding, or that the invention was very difficult to describe. When the examiner made repeated rejections because he cited new pieces of prior art, this tends to show that the patent claims are strong. If the examiner was making repeated rejections when citing the same prior art, it is difficult to gauge the general strength of the patent claims without knowing the specific details of the reference in light of the factors mentioned above.

There is always tension between drafting broad claims that better ensure that the invention and improvements to the inventions are covered by the claims and narrower claims that present less risk that prior art will be discovered. However, Bootzin offers this perspective on the broad/narrow patent claim issue: “A broad claim is always desirable but especially for a patent addressing a new industry, while a narrow claim can still be very valuable when competitors must have the claimed technology to compete.”

Finally, after the claims are drafted, the conduct of the inventors, applicants, and the lawyers handling the case can impact patent value. Alfred W. Zaher, partner at Blank Rome, points out that patent lawyers can get into serious trouble for being overzealous in prosecuting the claims and may expose themselves and clients to a claim of inequitable conduct by intentional examiner shopping or making misleading comments in prosecution. This happens most when lawyers file the same application multiple times and fail to disclose the same or related pending applications to every examiner assigned to these applications. Although at times an overused defense, it is nonetheless a potent attack on the enforceability of the issued patent. Similarly, lawyers who overreach and persuade an examiner to issue the patent claims through an interview, may end up watching such claims implode when challenged in subsequent litigation or reexamination.

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