

How to draft a killer blockchain patent

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Inadequate preparation is the source of many problems surrounding the drafting of blockchain patents, say Kirk Sigmon and Scott M Kelly of Banner & Witcoff, who provide some tips on how to stay ahead of the game.

Inventors are excited about blockchain technology. The idea of decentralising and publicising content has piqued many ideas that may completely transform some industries. Indeed, startup incubators and conferences worldwide are bursting at the seams with new blockchain startups.

That said, getting a patent directed to a blockchain invention can be surprisingly hard, particularly since many patent examiners seem to view the technology as little more than a variant of a conventional database. But strong IP protection is something that investors often look for, so securing that patent can make a company stand out from the crowd.

Here are some ways to make the process of getting a high-quality, blockchain-directed patent faster and easier.

Tame your inventors' ideas

It's tough to get a good blockchain patent, so make sure your ideas are ready to survive prosecution.

Virtually any blockchain patent application faces an uphill battle at the US Patent and Trademark Office (USPTO). While many argue that current law on abstract ideas has swung back in favour of software patents, this pendulum has not swung so far that the USPTO is inclined to grant patents taking ordinary business and decentralising/publicising it—"do it with blockchain" is not enough.

As such, purported inventions that merely replace conventional databases with blockchain implementations, without offering more, are unlikely to be allowed. Prepare to draft defensively, and assume that the examiner will initially be very sceptical.

Push inventors to think beyond their excitement about blockchain. Your inventors didn't invent blockchain—that was Satoshi Nakamoto, but inventors often fail to realise that their blockchain inventions comprise far more than a mere implementation of existing blockchain technology.

Rather, such inventions often contain reconfigurations of existing processes, data structures, and devices. It is often these inventive configurations that, when used in combination with blockchain technology, meet patent law's requirements of novelty and proper subject matter.

Avoid the trap of spending an entire disclosure meeting (or, worse yet, an entire specification) talking about how cool bitcoin is. Instead, push inventors to explore the implications of their invention: discuss what the invention requires to be implemented and how the invention might impact other devices/processes.

If necessary, treat blockchain technology as a potentially unpatentable black box, and explore the inventors' changes around the black box more than the black box itself. Ideally, your application should be less about what a blockchain is, and more about what a blockchain does to fix unique technical problems.

But if your invention is less of an application of blockchain, and more of a modification of how blockchain works, go crazy. Improvements that alter some aspect of the underlying workings of conventional blockchain technology (yes, blockchain is probably conventional now) are ripe for patenting. Focus your discussions with inventors on how they changed blockchain to suit their particular application.

Draft an allowable and useful US application

If the popularity of blockchain startups is any indication, the USPTO is likely inundated with patent applications directed to inventions using blockchain technology. Don't get left behind—prepare and file an application that you like and that can be allowed by the USPTO quickly.

When preparing an application, explain what your inventor is doing—give yourself the tools you’ll need down the road to convince the examiner (and maybe a jury) that the invention is novel and nonobvious.

Explain implementation(s) in detail. Many blockchain startups today are focused on a particular application of blockchain technology. Ask your inventors what challenges they encountered in applying blockchain technology to that application.

Ask your inventors what about their application of blockchain technology presented a technical problem, and what solved that technical problem. If you didn’t encounter any technical problems with your “use blockchain for X” idea, then odds are it may be unpatentable as obvious.

One extremely quick way to get a fast patent allowance is filing a Track One application at the USPTO. For a fee, the USPTO’s Track One programme offers an office action within approximately three to six months of filing and a final disposition within 12 months of filing. This is significantly faster than normal US application processing and all other international patent offices.

In other words, if the application as-filed is of sufficiently high quality, and if the claims sufficiently define over any prior art that the USPTO finds, you could receive a patent in 12 months or less. While admission into this programme is not guaranteed (only 10,000 requests for Track One examination are granted per year) and can be expensive (\$4,000, although discounts apply), many find the speed of this process to be worth the expense.

Don’t mistake a fast patent for a good patent, however. An issued US patent with three page-long claims that are impossible to infringe may be worth no more than the paper it is printed on, no matter how quickly it was issued. While it helps to go a bit narrower in the claims of a Track One filing to get that first patent (after all, you can always pursue more preferable claims in a continuation application), going excessively narrow can waste time and money and may have little competitive benefit.

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In fact, going excessively narrow in US claims could bind you to narrow claims internationally, particularly because many international jurisdictions have significantly stricter and more expensive requirements for continuation/divisional applications.

You don’t have to unduly limit your claims to a narrow implementation, but you might want to resist the urge to write moonshot, broad claims out of the gate. Put differently, draft the claims you want (within reason), not just the claims you think might be allowed.

Draft an internationally-friendly application

Like the internet, blockchain technology is international. Make your life easier: draft a patent application that can be filed and allowed in the US and abroad.

A granted US application, such as one deriving from Track One, may be used as the basis for expedited examination in foreign countries. The Patent Prosecution Highway (PPH) programme allows a patentee with at least one allowed claim in a participating country (eg, the US) to request expedited examination of corresponding claims in participating foreign patent offices.

As such, if you file international applications within 12 months of a US patent application using the Patent Cooperation Treaty (PCT), allowance of the US application (eg, within 12 months via the Track One programme) may allow you, via PPH programmes, to expedite examination of (and, hopefully, allowance of) international applications.

That said, for the above strategy to work, you must have a good PCT international application, and a great way to do that is to draft a single application that complies with both US and international drafting requirements. The European Patent Office (EPO) has a significantly heightened support requirement, particularly in comparison to US law. It thus is preferable to draft a US patent application with near-literal support for anything you might want to claim.

While it might not be required before the USPTO, adding European patent-quality support to the application allows the same document to be filed at the EPO with little additional effort.

Similarly, it helps to draft an application that can be translated easily into foreign languages. For example, you can make your translator's life easier by avoiding unnecessary linguistic flourishes or colloquialisms. Doing so can avoid the chance of error or uncertainty, particularly when and if such applications are translated into foreign languages. This is particularly true for non-Romance languages such as Chinese, Japanese, and Korean.

An ounce of prevention is worth a pound of cure

Many of the common traps blockchain patents face—poorly characterising the invention, excessively narrow claims, internationally-unfriendly applications, and the like—originate from a common problem: inadequate preparation. Budgeting the time (both attorney's and inventor's) to properly understand and draft a blockchain-directed application is important to receiving a high-quality blockchain patent quickly. Don't let the speed of the market compromise the quality of your application: doing so can be a costly mistake.

The views expressed herein are those of the authors, and do not represent the views of Banner & Witcoff or any of its clients. The discussion does not constitute legal advice. Each situation is unique, and patent applicants are advised to seek advice of counsel regarding the issues discussed.

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