

CLOSE-UP: EMERGING TECHNOLOGY MARKETS

Whither nanotech? Legal issues still in play for this emerging field

By **PETER DICHIARA AND DAVID ABRAMS**

The nanotechnology industry is still in its infancy with no clear path yet defined leading to business success. While this means the field is open to new ideas and business models, it also means that legal problems must be viewed with an open mind and solutions tailored to the new business problems the field presents. Undoubtedly, one can find many similarities between the nanotechnology industry and earlier, now-developed technologies, such as biotechnology. While lessons learned from such fields can be valuable, there are differences. The trick will be identifying the distinctions that matter and creating solutions to address new problems.



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One for legal counsel will be to focus on the underlying business problems, and not to get hypnotized by the specialized legal problem presented. For example, a business may gain greater benefit by developing a portfolio of good, solid patents in a cost-efficient manner, than it will from pursuing the “perfect patent” that addresses every possible variation of an invention, real or imaginary. There are times when “good enough” is the right answer.

Another key will be communication and coordination among legal specialties. Solv-

ing the legal task at hand at the expense of creating a bigger but different legal problem for another may be no solution at all from the perspective of the client. This multidimensional problem gets all the more complicated as the industry and regulatory regimes co-evolve. Working with emerging nanotechnology companies typically requires coordinating intellectual property (IP) protection with regulatory issues such as Environmental Protection Agency and Food and Drug Administration rules, government contracts, and licensing, all while keeping an eye toward risks that concern the venture capitalists and other investors. A nanotech client needs to ensure that its law firm provides an integrated team approach that considers the overall business picture, not just a group of corporate, regulatory and IP lawyers each addressing their own narrow legal issues.

Uncertainty clouds nanotech IP

While there is significant activity in the creation of nanotechnology intellectual property, it is unclear how IP stakeholders will use their intellectual property in the future. One unique aspect of nanotechnology is that its applications span multiple industries including electrical, materials, pharmacology, and medical devices. Each of these industries has its own traditional view and use of intellectual property. With all of this uncertainty, what advice can a lawyer offer his or her nanotechnology clients? First, it is important to remain flexible and acknowledge

the uncertainty. Don't assume you know how your competitors will behave with their intellectual property, and expand your focus beyond conventional, traditional business competitors when considering IP risk. Build a portfolio of intellectual property, which can both protect against copying and dissuade suit against you, while offering comfort to investors that the product is innovative and its margins defensible.

Good news for nanotech at the PTO

With delays for patent examinations at the U.S. Patent and Trademark Office approaching four years for technologies such as business methods, the good news is that applications for nanotechnology are taken up more quickly than most other cases. A group of dedicated examiners means that queues for new nanotech applications are shorter. Industry observers have seen initial examination from the PTO ranging from 12 to 18 months.

As the PTO's nanotechnology group gains experience, the examination process for nanotechnology applications is improving. One consequence of this improvement is that the examination process is getting more complicated. Knowing the prior art and developing a rapport of honesty with the examiners are key to successful prosecution.

This relatively speedy response by the PTO is fortunate, given the uncertainty in how nanotechnology IP will be used, so protect against this uncertainty by

building a portfolio of intellectual property. Companies will have to manage their prosecutions carefully, however, to avoid escalating costs. As the body of prior art grows, striving for a series of patents with well-written, targeted claims should provide more protection at lower cost than trying to prosecute a

single broad patent containing claims beyond those necessary from a business perspective.

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