Dennis Fernandez has come up with an idea for TV sets with built-in cameras and small screens that would let viewers talk to one another while watching a show.

"Let's say we're both watching a 49ers game," said the 42-year old Menlo Park attorney. "You and I will show up in this bubble picture. You'll have a head shot, and I'll have a head shot, and we're talking to each other during the game. It's as if you and I are in a virtual chat room watching the same broadcast event."

Fernandez has no intention of actually building such a device. But the idea is his -- and he has a certificate from the U.S. Patent and Trademark Office to prove it.

If a company decides to build a product based on his idea, it might have to buy the patent from him, pay him a licensing fee or face him in court.

It's part of a legal tactic called "offensive blocking patents" in which businesses or individual entrepreneurs use patents not so much as tools to build new products, but as legal roadblocks or bargaining chips against competitors or corporate giants.

Some legal experts, including those representing big corporations, are skeptical of this approach, which they say is impractical because of the enormous costs associated with inventions and patents.

Still, the tactic underscores the growing importance of patents as a competitive weapon in the technology industry, as demonstrated by the recent $35 million judgment in favor of a Virginia inventor who sued EBay for alleged patent infringement. Inventor Tom Woolston accused the San Jose online auction operator of using programs he developed for processing certain sales.

Typically, patent attorneys help companies patent technologies to protect them from rivals. Fernandez, who is also an electrical engineer and inventor, and other Silicon Valley attorneys are taking a more aggressive approach: They help clients analyze their rivals' technology and then try to obtain patents to make it harder for them to move forward.

"It's a more valuable patent that covers your competitor's products (rather) than your products," Fernandez, founding partner of Fernandez & Associates in Menlo Park.

Peter Eng, a senior associate at Wilson Sonsini Goodrich & Rosati, a Palo Alto law
firm, said that while most patent attorneys would simply cover what a client is working on, "those with foresight think ahead and predict where others may or may not go."

THE BRICK WALL

John Ferrell, founding partner of Carr & Ferrell in Palo Alto, likened a patent portfolio to a brick wall.

"What I advise my clients to do is to analyze their competitors' road maps," he said. "Successful companies become successful by spending time thinking about competitors and reacting to competitors proactively."

He cited the standards of Wi-Fi (wireless fidelity) technology, in which transmission speeds have been rapidly advancing during the past three years from 11 megabits per second in 1999 to more than 50. Wireless firms expect the standard to reach more than 100 megabits per second soon.

"There will be technical challenges, so one way we might use our patent portfolio offensively is we might sit down with our smart guys to figure out what we need to do," Ferrell said.

The company can then apply for patents on those inventions. An applicant must prove to a patent examiner in written statements and with drawings and diagrams that the invention is novel and original. But the applicant doesn't have to come up with a prototype.

"You don't have to build it," Ferrell said. "You just have to conceive it. By filing a couple of patents, you essentially have co-opted the standards road map. Anybody who wants to go from G to X has to get through your toll road."

Fernandez said that because his clients and their competitors talk to the same customers, "you know what holes need to be plugged, and you plug it up."

ATTORNEYS' INSPIRATION

He and other patent attorneys say they were partly inspired by Jerry Lemelson, the controversial Nevada inventor who obtained more than 550 patents, including such technologies as the bar code and the crying baby doll.

Portrayed as a hero of inventors, he was also scorned by big business, which had to pay him hundreds of millions in royalty fees, even after his death in 1997.

Jerry Hosier, an attorney representing the Lemelson Medical Education and Research Foundation Limited Partnership in Incline Village, Nev., scoffed at the idea of using the patent system as a legal roadblock. It can take an enormous amount of time and money to get a patent approved, he said.

Preparing and filing a patent application can cost between $8,000 and $15,000, mostly in legal fees, Fernandez said.
Hosier said it's also virtually impossible to predict the emergence of new markets for inventions.

Lemelson had to wait years before collecting royalties for some of his ideas, such as the bar code. "This notion (of offensive blocking patents) is just incredibly naive," Hosier said.

Small companies seeking to enforce their patents against big firms could end up with millions of dollars in legal costs. Big corporations could also use their patent portfolios as leverage, either to accuse rivals of possible violations or to bargain for access to their inventions.

Jerry Rosenthal, IBM's vice president for intellectual property and licensing, said it would be a gamble for small companies to invest thousands in filing patents that may not yield any profit.

"I'm not sure I understand the value of doing that," he said. "If anybody did come to us with a patent for that purpose, we believe we can use our patent portfolio to trade."

When faced with a patent infringement complaint from a smaller company, a giant like IBM can use its portfolio of 30,000 patents to strike a deal by giving the firm access to its intellectual property or threatening a counterclaim by citing patents of its own that the other party may be infringing upon.

LESS TO LOSE

Independent inventors may be harder for big corporations to deal with because they may not have much to lose, Rosenthal said.

"You have to spend more time and effort offsetting these challenges," he said. "A lot of them are with contingency law firms. It's like betting on oil wells. 'Where do we get a hit here? We bet on all of them and hope one or two come up.' It's a problem."

In fact, some of the more enterprising attorneys who subscribe to offensive blocking tactics have applied for their own patents.

Eng applied for a patent for a touch-screen cell phone more than a year before it became a common feature on some phones, but didn't pursue it and never got the patent. "If I had just seen this through, I could be retired by now," he said by telephone.

Fernandez has filed more than a dozen applications for blocking patents. Each filing entailed months of research, he said. He also had to ensure his patent applications do not cover areas in which his clients operate. But because he's his own attorney, he only had to pay the filing fee of about $400 for each application.

One pending application describes a system for monitoring remote objects using global positioning systems and Webcam technologies.

A patent for a digital television system with video conferencing features was

GOAL IS TO MAKE MONEY

Fernandez wants to make money eventually by licensing his patents or selling them to companies that may need them, but he has yet to cash in on his inventions.

Mike Marion, deputy general manager of Philips Electronics' intellectual property and standards department, said he had not heard of Fernandez's invention.

A company spokesperson declined to comment on whether Philips was working on a such a device, saying the company's future product road maps are highly confidential.

Marion added that the Netherlands firm often gets letters from inventors claiming that it is infringing on their patents, but said these claims often turn out not to be relevant to Philips.

"Very few of them are pioneering inventions," he said. "They usually improve on something that already exists or does something that you can find a lot of other ways to do."

Patents have become more important to the technology industry during the past decade. The number of patents filed in the United States went up 91 percent, from 186,507 in 1992 to 356,493 in 2002, according to the U.S. Patent and Trademark Office. The number of grants has gone up 72 percent from 107,394 in 1992 to 184,379 in 2002. In a sign of Silicon Valley's growing interest in intellectual property, the number of patents granted to California inventors has more than doubled, from 9,105 in 1992 to 21,236 in 2002.

Marion said many inventors want to come up with an idea that eventually becomes commercially viable and valuable to companies with deep pockets.

"That's certainly the maximum position to be in, but that doesn't happen often," he said.

But Fernandez said it's worth the gamble.

"It's hard to invent the future," he said, but "sometimes you just come up with ideas, and it's a shame to let them go to waste."

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