Overview

• Part I   Protecting Your Product or Service With IP

• Part II  Owning Your Intellectual Property

• Part III Non-Disclosure Agreements

• Part IV  Address 3rd Party IP – Clearance
Part I:

Protecting Your Product or Service
Understanding IP Rights

- Intellectual property can be generally defined as commercially valuable products of the human intellect.

- **PATENTS**: protect an invention

- **TRADEMARKS**: words/phrases/symbols identify and distinguish the source of the goods

- **COPYRIGHTS**: protect original artistic or literary work

- **TRADE SECRETS**: confidential information that has economic value
• A Patent Grants The Right To Exclude Others From Practicing The Invention
  o Making
  o Using
  o Selling / Offering to Sell
  o Importing

• Your Patent **DOES NOT** give you the right to use another’s Patent or even to practice your own invention
Patent protection is territorial - right to exclude is only within the jurisdiction that granted the patent.

Pre-filing public disclosure may result in loss of patent rights
- Public disclosure does not mean wide dissemination
  - In U.S. sale or offer for sale of the invention can also trigger loss of rights
- U.S. generally provides for a 1 year grace period
- No grace period in most jurisdictions outside the U.S.
Types of Patents

• **Utility Patents** - Cover new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof
  • Term 20 years from filing

• **Plant Patents** - asexually reproduced new variety of plant
  • Term 20 years from filing

• **Design patents** - new, original, ornamental design for an article of manufacture (protect the way an object appears)
  • Term 15 years from issue
Statutory Requirements Patents

- 35 U.S.C. § 112
  - (a) Fully and clearly describe the invention to enable one skilled in the art to make and use the invention
  - (b) Distinctly claim subject matter regarded as the invention

- 35 U.S.C. § 102 - Novelty

- 35 U.S.C. § 103 - Non-Obviousness

- PRIOR ART - Information that is publically known prior to the **effective filing date**:
  - Patents
  - Printed Publications
  - Information that is in Public Use
  - On Sale
  - Otherwise Available to the Public
Provisional Application

• Provisional Application - A tool to secure an early effective filing date without initiating the examination procedure.
  • Not examined Expires after 1 year
  • Not published Available only for utility and plant patents

• Benefits of Provisional Application
  • Inventor is given time to investigate market potential
  • May file multiple provisional applications to include improvements
  • Patent term measured from filing date of subsequent non-provisional application
  • Allows applicant to use the term "Patent Pending"

• Must be complete to convey benefits
  • Remember the requirements under 35 U.S.C. § 112(a)
Trademarks

- Associate a product with a single source to convey consistency and quality

- Can be any one of or a combination of:
  - Word
  - Logo
  - Shape
  - Scent
  - Taste
  - Sound
  - Color

- Trademark must be distinctive
  - Inherently Distinctive Marks:
    - *Fanciful* - no other meaning (e.g. Lego)
    - *Arbitrary* - unrelated meaning (e.g. Apple)
    - *Suggestive* - but non-descriptive (e.g. Greyhound)
• Trademark rights are acquired through use of the mark in commerce

• Different layers of protection:
  • Common Law
  • State Law
  • Federal Law
Trademarks (con't)

- Right to exclude others from using your Mark.
- Term can potentially be *forever*
  - Continued use
  - Mark does not become generic
  - Registration is maintained
  - Renewals are timely filed
  - Licensing is done with quality control
  - No acquiescence to infringement

- Advisable to use TM, SM or ® to indicate it is a Trademark
  - TM and SM - if not Federally Registered
  - ® - if Federally Registered
Benefits of Federal Registration

- Makes the mark easy to find through a search, thereby deters others from using the same mark
- Protects against registration of similar marks
- Treats the mark as if used nationwide as of the application date
- Provides nationwide notice of ownership
- Evidences validity and exclusive ownership, possibly "incontestable" after 5 years
- Can use the symbol ®
- Right to sue in Federal Court
- Entitles owner to statutory damages
- Basis for foreign registration to obtain worldwide protection
- Can be used to empower US Customs and Border Protection to block imports of counterfeits
Copyrights

- Protects original works of authorship including literary, dramatic, musical, and artistic works, such as poetry, novels, movies, songs, computer software, and architecture.
- Excludes others from copying the expression of the idea.
- Must be fixed on a tangible medium.
Copyrights (con't)

• Copyright attaches the moment the work is completed and fixed on a tangible medium

• Federal Registration ©
  • Ability to sue for infringement
  • Statutory damages

• Term of Copyright
  • Author's life + 70 years
  • If "work made for hire" then:
    • 95 years from publication
    • 120 years from creation
Trade Secrets

• Competitive advantage
  o Processes/Recipes
  o Supplier lists
  o Know how

• Possibly endless protection
  o Coca-Cola
  o Styrofoam cups with spice blend

• But must be kept secret
  o Corporate controls
  o Confidentiality agreement
Trade Secrets (con't)

• In U.S. two statutory schemes
  • Federal Law (Defend Trade Secrets Act of 2016)
  • State Law - Each State Has Separate Relevant Statutes

• A “Trade Secret” is information that is protected by a company and that has economic value

• Remedies for misappropriating Trade Secrets

• Misappropriation includes wrongful acquisition, use, or disclosure of Trade Secrets
Trade Secrets (con't)

• You must take affirmative steps to protect a Trade Secret
  • Marking sensitive documents “confidential”
  • Establishing written policies for maintaining confidentiality
  • Informing employees of trade secrets
  • Employment/confidentiality/non-compete agreements
  • Restricting access to trade secrets
  • Employing physical security measures (lock gates and cabinets, entry passes, computer passwords)
Taking Steps to Protect Your IP

• First Step:
• IP audit. What intellectual property does your business use or require? Review for potentially unprotected inventions, trade secrets, works of authorship, and logos or branding materials.
Taking Steps to Protect Your IP

• Second Step:
  • Evaluate your options for protecting those properties, considering how they may be used, with whom, and where. Conduct a cost-benefit analysis.
• Third Step:
• Implementing the Second Step, take action to protect your intellectual properties in the U.S. and, as appropriate, abroad.
• Fourth Step:
• Weave your IP protection objectives into your business practices. For example, address IP issues in dealing with suppliers, customers, and joint venture partners.
Part II:
Ownership Interest in IP
GOAL:

PRESERVE YOUR OWNERSHIP RIGHTS IN THE INTELLECTUAL PROPERTY DEVELOPED
Potential Owners

- COMPANY
- COMPANY’S EMPLOYEES
- INDEPENDENT CONTRACTORS
- JOINT VENTURES
- THIRD PARTIES
Secure Ownership in Writing

- OWNERSHIP IS BEST DEFINED WITH EXPLICIT CONTRACT TERMS AT THE START OF THE RELATIONSHIP
- ABSENCE OF WRITTEN AGREEMENT WE LOOK AT STATUTORY PROVISIONS, CONTRACT LAW AND EQUITY DEPENDING ON THE TYPE OF INTELLECTUAL PROPERTY
Ownership of Intellectual Property

• **PATENT**
  • Ownership initially vests in the Inventors
    • Transfer from employee to employer must be by assignment
    • If no written assignment then you rely on common law
      • SHOP RIGHTS - right to use the invention
      • “HIRED TO INVENT” Doctrine - creates obligation to assign

• **COPYRIGHT** *(17 U.S.C. § 101)*
  • Employer-employee – title automatically vests if work performed within the scope of employment
  • Work specially ordered or commissioned for use
    • i) requires express written agreement that work is “work made for hire”
    • and
    • ii) must fall into one of nine categories

• **TRADE SECRETS**
  • Jurisdiction dependent
Legal Title v. Equitable Title

• “I HEREBY ASSIGN .... AND AGREE TO EXECUTE ANY ASSIGNMENT....”  → LEGAL TITLE

• “I AGREE TO ASSIGN.....”  → EQUITABLE TITLE
Part III: Non-Disclosure Agreements
Purpose Of NDAs

• NDAs prohibit the receiving party from disclosing confidential information

• NDAs may also limit the use of confidential information

• NDAs protect many types of information
  • Trade Secrets
  • Invention Ideas
  • Other Confidential Information
Non-Disclosure Agreements

• Non-Disclosure Agreements (“NDA”) are common in the U.S. and worldwide

• Often necessary before discussions or negotiations

• Protect valuable information of disclosing party

• Create potential risks for both parties

• Proper drafting is critical
Disclosing Party – Drafting Concerns

• Include limits on use, not just disclosure
• Broadly define what is confidential/protected
• Maximize duration or make indefinite
  • Terms up to 5 years are common in U.S.
• Require destruction or return of materials
• Specify what to do regarding requests for protected information from non-parties to the NDA
  • Government / regulatory requests
  • Subpoena / litigation requests
• Limit scope and narrowly define what is confidential

• Require protected information to be marked confidential when provided by the disclosing party

• Limit the duration of the obligations under the agreement

• Avoid injunctions or other draconian remedies
Disclosing Party – Risks Of NDA

• May not adequately protect a party’s most valuable secrets
• Do not disclose “crown jewels” even under NDAs
• Breach of NDA is often difficult to prove
• Remedies may be limited by NDA or applicable law
• May face high cost to enforce NDA

• Review carefully before signing – beware:
  • Inadvertently giving receiving party rights in disclosed information
  • Inadvertently waiving confidentiality protections for disclosed information
May be unclear what specific information is protected
• Disclosing party may provide both confidential and other non-confidential information

Reduce risk of inadvertent breach
• Limit who can sign NDAs for company
• Establish procedures for compliance with NDAs
• Require disclosing party to clearly mark each confidential document when provided

R&D employees who see protected information may become “tainted”

Potential liability and possible injunction if breached
Part IV:

Addressing 3rd Party IP - Clearance
What is a Clearance Search?

A search for another party’s intellectual property

- For example - patents that may pose a risk to a new product (or process, compound, article of manufacture etc…)

Clearance searches are often referred to as freedom-to-operate searches or right-to-use searches
Addressing 3rd Party IP - Clearance

• What Is Searched?

  • Granted patents (both expired and unexpired)
  • Published patent application
  • Non-patent literature
  • Trademarks
  • Designs
Freedom To Operate Analysis

Clearance search is just a first step

If patent, design or trademark rights of another entity are identified as a result of the clearance search, it is then necessary to evaluate whether there is infringement of such patent, design or trademark rights.

This determination is often referred to as a Freedom-to-Operate Analysis.
Why is it important to evaluate Freedom To Operate?

- Minimize the risk of being sued for infringement (e.g., patent infringement)
- Avoid legal and other costs associated with defending against a lawsuit
- Avoid investment in a new product that cannot be brought to market due to another party’s intellectual property rights
- Determine whether intellectual property rights may be available for the new product
• Intellectual Property is territorial

• Just because another entity has a patent in the United States, it does not mean that entity has a corresponding patent (or a patent reciting claims of similar scope) in a country in Asia or in any of the European member states.

• Thus, it is not only important to determine whether a new product infringes the intellectual property rights of other entities, it may be just as important to determine whether those rights are jurisdictionally limited.

• In the above example, one may determine there is no freedom to operate in the United States, but there is freedom to operate elsewhere outside the United States.
Addressing 3rd Party IP - Clearance

• No Freedom To Operate … Your Options

• Invalidation

• Expiration (e.g., for failure to pay maintenance fees/annuities)

• Design around

• Licensing (cross-licensing)

• Purchasing
Thank you!

• Questions?