Intellectual Property and Project Management

Mitchell Weinstein
mweinstein@lplegal.com

Patents

What is a Patent?

Patents grant the owner the right to exclude others from making, using, selling, offering to sell and/or importing a particular invention, which can be a device, method or ornamental design

Patents – What is Patentable?

- U.S. patents protect any new, useful and non-obvious process, machine, manufacture or composition of matter or any new and useful improvement thereof
- Software is patentable subject matter, if it meets the requirements for patentability (new, useful and non-obvious). Rather than a rule for what *is* patentable, the Court held that an "invention" is *not* patentable if it claims a law of nature, a physical phenomenon or an abstract idea.

Patents – What is Patentable?

What is new (or novel)?

- not patented, described in a printed publication, or in public use , on sale or otherwise available to the public before the effective filing date of the application

- described in a patent or in a published application that names another inventor and that was filed before the filing date of the application (first inventor to file)

Note that there are exceptions to the novelty requirement.

Patents – What is Patentable?

Exceptions to what is new or novel

- Disclosures made less than one year before filing do not negate patentability if:

  - The disclosure is made by the inventor or someone who obtained the subject matter from the inventor; or
  - The subject matter had, prior to the disclosure, had been publicly disclosed directly or indirectly by the inventor.

Patents – What is Patentable?

Exceptions to what is new or novel

- If the subject matter appears in a patent or published application by another, and the subject matter was obtained directly or indirectly from the inventor; or
- The subject matter had, prior to the filing of an application another, been publicly disclosed directly or indirectly by the inventor.

What is Patentable?

What is useful?

Essentially any use. Perpetual motion machines, cold fusion (at least not yet) and the like are not patentable.

What is Patentable?

What is Non-obvious?

The differences between what is sought to be patented and the prior art would not have been obvious to a person of ordinary skill in the pertinent art at the time the invention was made.

The prior test for obviousness was:

whether the prior art provided some “teaching, suggestion or motivation” to combine the prior art references to have made the invention. Essentially the courts required something in the prior art that provided some express incentive to combine the prior art references. This has been referred to as the TSM test.

What is Patentable?

What is Non-obvious?

- **The current test allows:**
  - Combining prior art elements according to known methods to yield predictable results
  - Simple substitution of one known element for another to obtain predictable results
  - Use of known technique to improve similar device in the same way

What is Patentable?

What is Non-obvious?

- **The current test allows (cont'd):**
  - Applying a known technique to a known device ready for improvement to yield predictable results
  - Choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success
  - Known work in one field of endeavor may prompt variations of it for use in either the same field or a different field based on design incentives or other market forces if the variations would have been predictable to one of ordinary skill in the art

Types of Patents

Utility – protects structure and/or function of an invention.

Design – protects the look and aesthetics of an item/invention (ornamental appearance)

Provisional – is a 1-year placeholder to preserve a date for the invention/application

Continuing Applications - continuations, divisionals, continuation-in-part applications

The Rights Conferred by a Patent

A patent does not give you the right to do or make anything.

It does give you the right to exclude others from:

- **making, using, selling, or offering for sale**, the patented invention, in the U.S. This includes the right to prevent importation of a patented invention
- **actively inducing infringement**

The Rights Conferred by a Patent (cont'd)

The right to exclude others from:

- **contributing to infringement** by offering to sell, selling or importing a component of a patented machine, manufacture, combination or composition or material or apparatus for use in practicing a patented process (method) that constitutes a material part of the invention, knowing that it is especially made or adapted for use in an infringement of the patent and is not a staple article of commerce that has a substantial non-infringing use

The Rights Conferred by a Patent (cont'd)

The right to exclude others from:

- **importing into the U.S. or exporting from the U.S.** all or a substantial portion of the **components of a patented invention**, where the components are uncombined, and in such as manner as to induce the combination of the components outside of the U.S. in a manner that would infringe the patent if it occurred in the U.S.

The Rights Conferred by a Patent (cont'd)

The right to exclude others from:

- ***importing into the U.S. a product that is made by a patented process***, if the importation occurs during the term of the patent

Inventorship

Conception is the touchstone of inventorship.

Conception is the **formation in the mind of the inventor of a *definite and permanent idea* of the complete and operative invention**, that is, the idea as it is to be applied in practice.

An idea is sufficiently definite and permanent when only ***ordinary skill*** would be necessary to reduce the invention to practice (make a working model), without extensive research or experimentation.

Inventorship (cont'd)

For joint inventors, each joint inventor must generally contribute to the conception of the invention as defined by the claims of the patent.

For the conception of a joint invention, each of the joint inventors need not make the same type or amount of contribution to the invention (the claims of the patent). Rather, each needs to perform only a part of the task which produces the invention.

Term of a Patent

Utility

- The term of a patent begins on the date the patent is issued and runs for a period of 20 years from the earliest U.S. priority date (excluding provisional applications)
- If a patent issues from a first filed application, then the term runs for 20 years from the filing date
- If a patent issues from a “continuation” or “divisional” application, then the term runs for 20 years from the earliest “parent” application filing date

Term of a Patent (cont'd)

Provisional patent application

- 1 year life after which they expire
- No exceptions

Design patents

- 15 years from the issue date

The Dangers of Disclosing Your Invention

Under the current U.S. Patent Laws you have 1 (one) year after you first publicly disclose your invention or sell or offer to sell your invention before you have to apply for a patent. Essentially, you have a 1 year grace period before you have to apply for a patent.

The Dangers of Disclosing Your Invention (cont'd)

In most other countries, including the European countries, there is no grace period, so once you have publicly disclosed your invention, you have lost the ability to obtain a patent on that invention. These are referred to as absolute novelty countries, and are clearly at odds with U.S. Patent Law.

The Dangers of Disclosing Your Invention (cont'd)

To avoid losing rights outside of the U.S., it is important to have a patent application on file BEFORE first public disclosure of the invention.

This can be done by filing a provisional patent application before disclosure.

Public disclosure can be avoided by disclosing or showing the invention under an agreement of confidentiality.

Why File For Patent Protection?

- Exclude others from practicing your invention
- Ability to use the term “Patent Pending” during the pendency of the application
- Builds market perception of innovation
- Differentiates a product offering from competitor's product offering

Working With Outside Vendors

- Always obtain a Confidential or Non-Disclosure Agreement before you disclose information that you believe is an “invention”
- Be sure to identify information that is confidential and to specifically identify material that is considered trade secret
- Remember that a public disclosure could adversely affect the ability to obtain patent protection and may also negate any claims to trade secret protection
- Under the Patent Laws, an invention “belongs” to the inventor or the inventor’s employer
- When working with outside vendors, an invention that is jointly conceived will belong to both employers unless there is an agreement to the contrary

Working With Outside Vendors (cont'd)

- If possible, obtain an agreement prior to starting work that any invention is your property
- If it is not possible to obtain an agreement that any invention is your property, then perhaps an agreement that grants you an exclusive right to the invention as it pertains to any of your businesses/lines of products
- Agreements can take many forms with a wide variety of terms, including time and scope, both geographically and within a product line

Patents - What you should take away (and why)

(1) Don't tell the world about your new great invention without first talking to an IP lawyer – you may lose your rights. First to file

(2) Think about what you may commercialize and consider two things: first, is it patentable; and second, am I infringing another's patent. Clearance

(3) Who invented? If you have contractors or outside consultants are they under an agreement to assign inventions/ownership to you? Ownership

Trademarks

Trademarks and Service Marks

Any ***word, name, symbol, or device*** (or combination of these)

that is ***used***

to ***identify and distinguish***

the ***goods/services*** of the trademark owner from those manufactured, sold (or offered) by others and

to indicate the ***source of goods/services***, even if that source is unknown.

15 United States Code § 1127 (Lanham Act § 45).

"Trademark" refers to a mark used with goods. "Service mark" refers to a mark used with services. However, the "trademark" is often used to collectively refer to both trademarks and service marks.

Trademark Registration

Trademark registration is not required, but is highly recommended. Advantages of registration include:

- Constructive notice to the public of claim of ownership of the mark.
- Legal presumption of ownership of the mark and of the exclusive right to use the mark nationwide in connection with the goods or services listed in the registration.
- Right to sue for infringement in federal courts and potentially receive enhanced damages.
- Ability to use the registration as a basis on which to obtain trademark registration in foreign countries.
- Ability to record the registration with Customs to prevent importation of infringing goods.

Not Registrable

Things that are NOT registrable as a trademark or service mark:

- Immoral, deceptive or scandalous, disparaging or falsely suggestive of connection
- Flag, coat of arms or insignia of U.S., states, or municipalities, or other nations
- Name, portrait, or signature identifying a living individual, except by consent
- Resembles any other mark and is likely to cause confusion, mistake or to deceive
- Generic marks
- Is deceptively misdescriptive, primarily geographically deceptively misdescriptive

Trademark Rights

Trademark ***rights begin as of the date of first use***. An application for registration based on a *bona fide* intent to use a mark can be filed, however, rights only begin after first use of the mark (constructive first use date as of the filing of the intent to use application).

The ***rights include the right to exclude others*** from using in commerce any reproduction, counterfeit, copy or colorable imitation in connection with the sale, offering for sale, distribution or advertising of any goods (or services) where such use is likely to cause confusion or mistake or to deceive. This applies to labels, signs, prints, packages, wrappers, receptacles, or advertisements that are intended to be used in commerce.

Trademark Term

The term of a trademark or service mark ***continues indefinitely, so long as the mark is used and renewed***.

Trademark rights can be lost if a mark is not used. Three years non-use plus intent not to resume use is *prima facie* trademark abandonment.

Trademark Practice Tips and Takeaways

(4) Before using and investing in a mark, conduct a proper trademark search.

(5) Before marketing in other countries, secure your trademark rights.

(6) Trademark is about consumer confusion – changing couple letters of other's trademark may still be likely to cause confusion.

Copyrights

Copyright: What Does it Protect?

***"Original works of authorship" fixed in a tangible form* of expression** from which they can be perceived, reproduced or communicated directly or with the aid of a machine or device, including:

- Literary works
- Musical works, including accompanying words
- Dramatic works, including accompanying music
- Pictorial, graphic and sculptural works
- Motion pictures and other audiovisual works
- Sound recordings
- Architectural works

Copyright: What Does it Protect (Real World)?

- Literary works: books, brochures, software, databases, websites, blogs, letters, emails, reports, manuscripts, written speeches, directories, newsletters, catalogs and manuals
- Musical works: musical compositions and arrangements
- Dramatic works: choreography, pantomimes, plays and scripts
- Pictorial, graphic and sculptural works: advertisements, prints, labels, packaging, artwork, bumper stickers, decals, stickers, maps, globes, cartoons, comic strips, collages, dolls, toys, drawings, paintings, murals, fabric, floor and wall-covering designs, games, puzzles, greeting cards, postcards, stationery, jewelry designs, photographs, carvings, ceramics, figurines, molds, technical and mechanical drawings, architectural drawings, plans, blueprints, diagrams
- Motion pictures and audiovisual works: films, documentaries, television shows, videos (YouTube, Vimeo, LP videos), webinars, presentations and videogames
- Sound recordings: music, spoken word and lectures

Copyright: What Doesn't it Protect?

- Works that have not been fixed in a tangible form of expression (improvisational speeches or performances that have not been written or recorded)
- Ideas, procedures, methods, systems, processes, concepts, principles, discoveries or devices
- Titles, names, short phrases and slogans
- Common symbols or designs
- Facts and mere listings of ingredients or contents
- Works containing no original authorship (standard calendars, height and weight charts, tape measures and rulers)
- Works of the United States Government (judicial decisions, federal statutes, reports, etc.)
- Works in the public domain (copyright expiration or dedication)

Copyright: Why Register?

- Copyright protection arises automatically as a matter of law upon creation of any original work of authorship fixed in a tangible form of expression
- Copyright registration is optional, but recommended for key works
- Why?
  1. Registration is a prerequisite to bringing suit for copyright infringement
  2. Helps put a tangible face on intangible rights
- Why register promptly (within 3 months of first publication)?
  1. Access to statutory damages (up to $150,000 for willful infringement)
  2. Access to recovery of attorney's fees

Copyright: Ownership and Works Made for Hire

- GENERAL RULE: Copyright ownership automatically vests in the author(s) of the work
- EXCEPTION: Works Made for Hire
  1. Works created by employees within the scope of their employment
  2. Employer automatically is deemed the author and owner of the work
- Works Made for Hire **DO NOT** include works made by independent contractors (with a handful of very narrow exceptions)
- BEST PRACTICE: Obtain written copyright assignments from all non-employee authors of works

Copyright: Issue Spotting and Key Takeaways

Keep on your Radar

(7) Works Made for Hire: Client mentions that they are going to retain outside assistance (an independent contractor) for a project: software programmer, website developer, graphic designer, advertising agency, consultant/ specialist, product developer, architect, engineer, copywriter, blogger, social media manager, etc.

(8) Registration: Client mentions they are about to release/publish, or just released/published, a new product, advertising campaign, website, marketing collateral, etc., or they have developed custom software or other in-house content

Trade Secrets

Trade Secrets

As of today, May 18, 2016, the Defend Trade Secrets Act, a new federal trade secret law, is on the President's desk for signature. Trade secret law is also governed by state law.

Trade Secrets Generally

A Trade Secret is information that is:

- sufficiently secret to derive economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use; AND
- is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality.
- Includes any technical or non-technical data which is used in one's business and which gives one an opportunity to obtain an advantage over competitors who do not know or use it.
    - The bottom line is ***competitive advantage***.

Trade Secret Examples

Generally: Technical or non-technical data includes a formula, pattern, compilation, program, device, method technique, drawing, process, financial data, list of actual or potential customers or suppliers, etc.

Other Trade Secrets: Renewal dates, pricing, trading algorithms (e.g., high-speed trading), hydraulic fracturing ("fracking") compounds,

"Well-Known" Trade Secrets: Coca-Cola, KFC secret recipe, Google search algorithm, Dr. Pepper, Starwood Hotels (negotiation tactics, development plans, conversion into luxury brands, marketing and demographic studies)

Protecting Trade Secrets: Reasonable Measures

- Oral or written notification that the information is proprietary.
- Confidentiality/non-disclosure agreements.
- Oversight policies and procedures (that must be followed).
  - Information/document disposal procedures (e.g., shredding)
  - Information transmission procedures
- Facility security - fences, locked areas, alarms, security, ID badges.
- Access on a need-to-know basis.
- Access logs.
- Confidential or proprietary legend stamps/labels.

Protecting Trade Secrets: Reasonable Measures (cont'd)

- Request to return confidential or proprietary marked documents
- Employee education and guidelines regarding trade secrets.
- Employee exit interviews with a reminder or signed understanding regarding trade secrets.
- Password protect and/or limit access to electronic trade secret information

Misappropriation of Trade Secrets

Trade secrets may be misappropriated either by acquisition or disclosure.

- **Acquisition** of a trade secret by a person who has reason to know that the trade secret was ***acquired by improper means***; AND/OR

Misappropriation of Trade Secrets (cont'd)

- ***Disclosure or use of a trade secret*** without express or implied consent by another person who:
  - used improper means to acquire knowledge of the trade secret; or
  - at the time of disclosure or use, knew or had reason to know that knowledge of the trade secret was:
    - derived from or through a person who utilized improper means to acquire it;
    - acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use;
    - derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use;
    - before material change of position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

Improper Means

If a trade secret is derived through improper means, the holder of the trade secret likely has remedies available.

Improper means include:

- theft
- bribery
- misrepresentation
- breach of a relationship or duty or inducing a breach, and
- espionage.

Proper Means

If a trade secret is derived through proper means, the holder of the trade secret is unlikely to have remedies available.

Proper means include (but are not limited to):

- reverse engineering
- independent invention or development
- use of published materials
- databases
- web site information

New DTSA Requirements

- The DTSA includes a safe harbor provision for whistleblowers. Whistleblowers are granted both civil and criminal immunity for disclosing a trade secret in confidence to a government official, or an attorney, when that disclosure is made solely for the purpose of reporting or investigating a suspected violation of law.
- A statement regarding immunity for the use of trade secret information in an anti-retaliation lawsuit must be included in any contract or agreement (including employment and consulting contracts) that governs the use of trade secrets and other confidential information, for example non-disclosure or confidential disclosure agreements.
- Failure to comply with the notice requirement will result in the employer losing the ability to recover enhanced damages and attorneys' fees against the employee.

Trade Secrets vs. Patents

Trade Secret	Patent
No fixed term – effective as long as “secret” is kept	Fixed term
No public disclosure (“secret”)	Must disclose how to make or use the invention
No filing/application/registration process – only internal procedures specific to the company/individual to maintain secrecy	Application filed with U.S. Patent and Trademark Office, published 18 months after filing and when issued as a patent
Susceptible to Independent development and reverse engineering	Protects against independent development and reverse engineering during life of the patent

Trade Secrets vs. Patents (cont'd)

- Keeping information as a trade secret may be useful when the information cannot easily be reverse engineered or independently developed.
  - Examples: chemical compounds, recipes/formulas, algorithms

Trade Secret Practice Tips and Takeaways

(9) Recognize, Catalog, and Protect information that provides a competitive advantage

- Recognize information (formula, algorithm, customer list, etc.)
- Catalog the information, including tiers of secrecy and who has access, update regularly
- Protect the information by implementing reasonable measures to restrict access to the information.

(10) Monitor and control the flow of inbound and outbound information

- Inbound: Watch for a new employee saying “At my old company, we did it this way…”. What comes next may be a trade secret.
- Outbound: Conduct exit interviews, obtain written affirmation of employee’s acknowledgement of trade secret information.

15 Practical IP Issue Spotting Tips and Suggestions

(1) Patents: File an application before disclosing an invention.

(2) Patents: A patented product may still infringe another's patent, conduct a clearance search.

(3) Patents: Confirm ownership of the patent

(4) Trademarks: Conduct a trademark search before using and investing in the mark.

(5) Trademarks: Secure trademark rights before marketing in other countries.

(6) Trademarks: "Likelihood of confusion" – although your mark may be different, there may still be a likelihood of confusion if similar.

15 Practical IP Issue Spotting Tips and Suggestions, cont.

(7) Copyrights: Watch for works made for hire (independent contractor), ownership issues may arise.

(8) Copyrights: New content released/published, new products released, new advertising campaigns, websites, software or other in-house content should be considered for copyright registration.

(9) Copyrights: In contracts, use ideas but do not wholesale copy others contract language (you may want to consult an attorney.

(10) Copyrights: If you use “public” information from the Internet, at the very least, include attribution.

15 Practical IP Issue Spotting Tips and Suggestions

(11) Copyrights: In using graphics, there are many sites from which you can download graphics for or for a minimal purchase price.

(12) Copyrights: Remember an “authors” rights attached when the work is created, so any copying can and likely is copyright infringement.

(13) Copyrights: Ideas are not protectable, it is the expression of an idea that is protected.

15 Practical IP Issue Spotting Tips and Suggestions

(14) Trade Secrets: Identify, catalog and implement reasonable measures to protect information that provides a competitive advantage.

(15) Trade Secrets: Watch for inbound trade secrets from new employees and outbound secrets from former employees.