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# INTELLECTUAL PROPERTY FOR ENTREPRENEURS

**CRASH  
COURSE**

**December 3, 2008**



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**What is IP?**

# What is IP?

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**Protection  
Control**

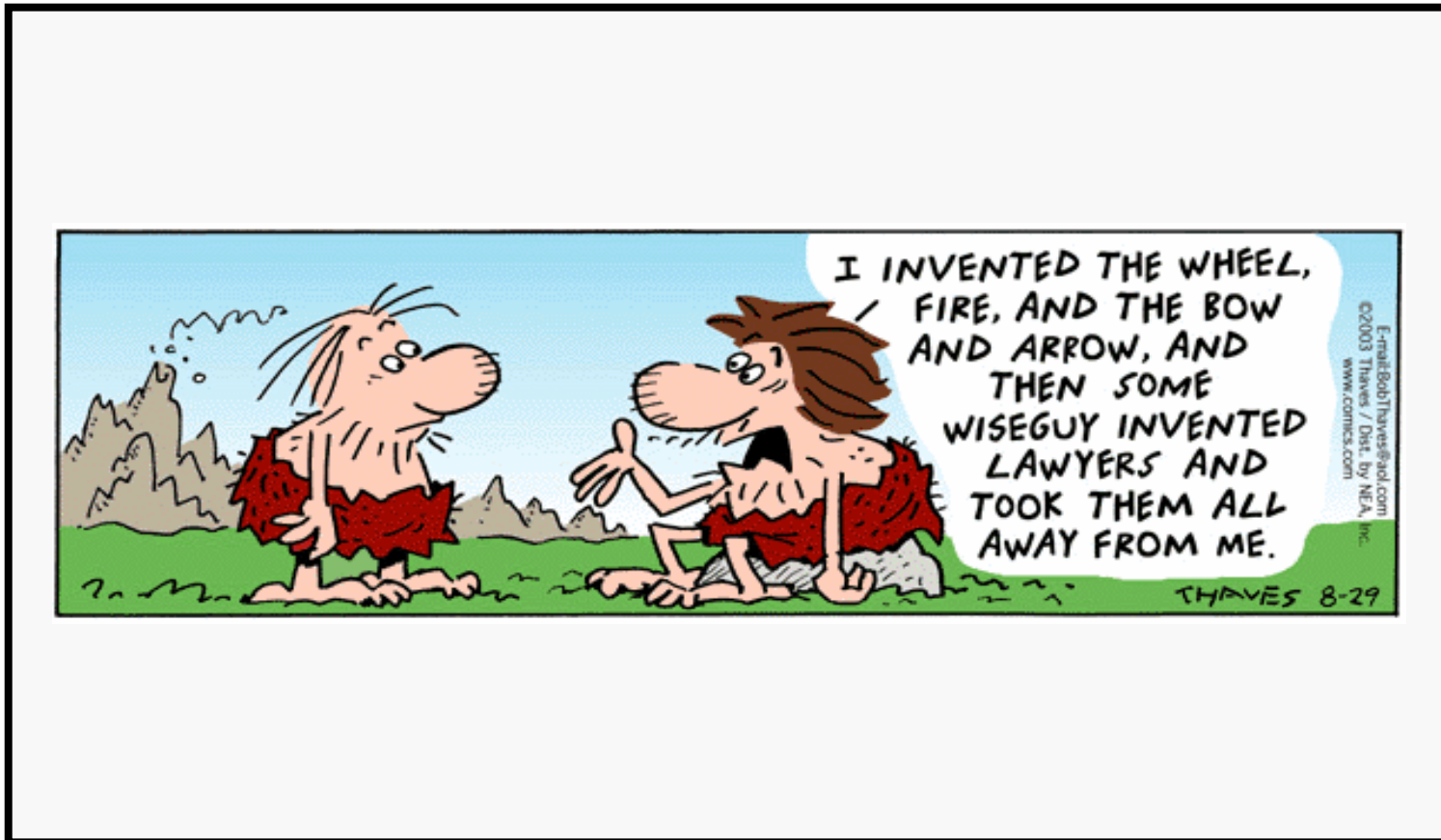
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# What is IP?



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# What is IP?

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**Protection  
Control  
Value**

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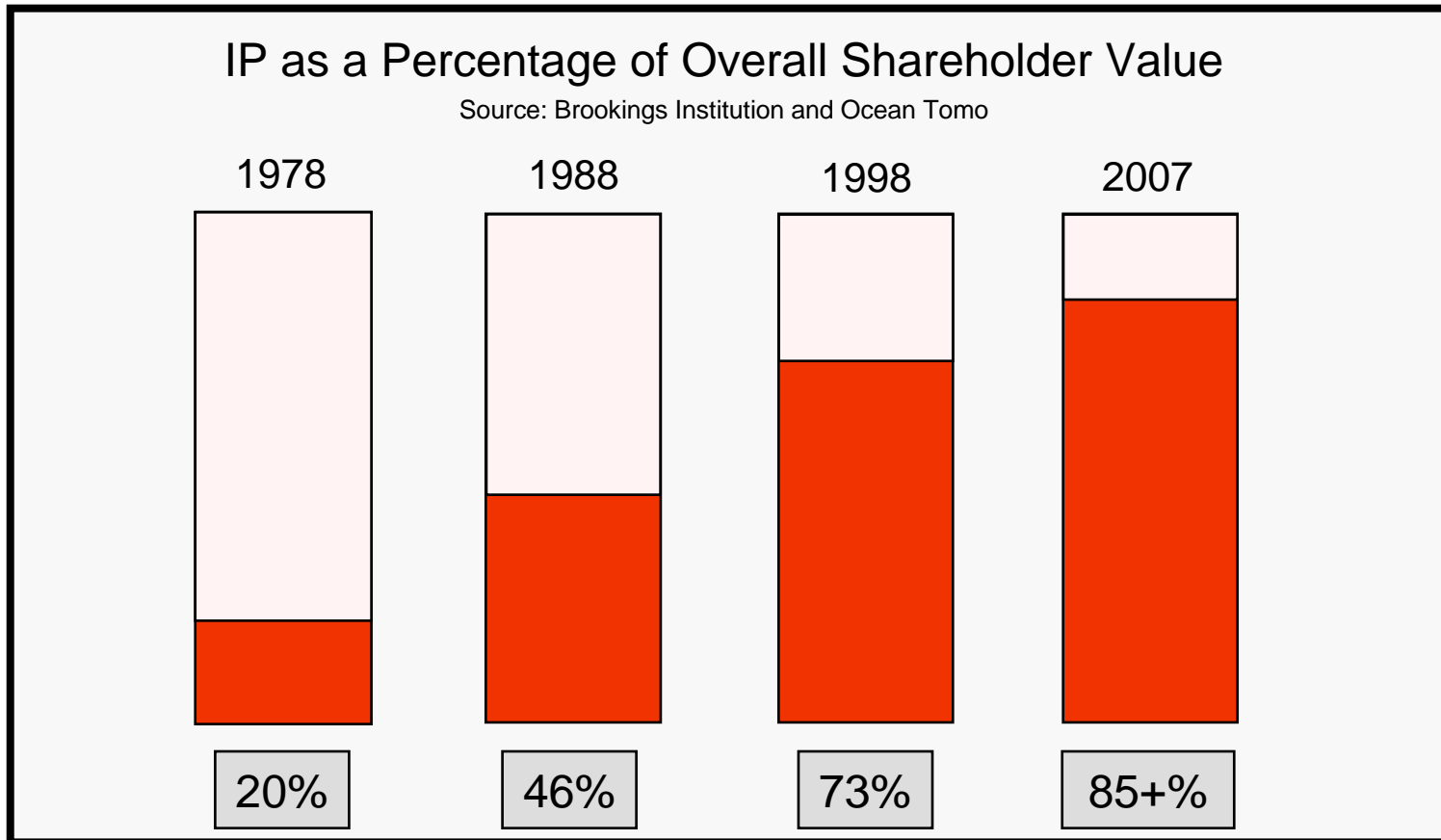


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# What is IP?

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# What is IP?

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**Protection  
Control  
Value  
Sharing**

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# What is IP?

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# What is IP?

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**Protection**  
As a tool for enabling  
**Control**  
**Value**  
**Sharing**

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# What is IP?

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**As a tool for enabling  
your business objectives**

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# What is IP?

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## Know Your Tools



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# What is IP?

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## Know Your Tools

Patents

Ideas and  
Inventions

Trademarks

Brand  
Identity

Copyrights

Creative  
Expressions

Trade Secrets

“Know-How”

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# What is IP?

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## Know Your Tools



Trade Secrets

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# Trade Secrets

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## General Information

- Attributes
  - Not generally known or readily available
  - Independent economic value
  - Reasonable efforts to maintain secrecy
- Virtually any type of:
  - Data
  - Information
  - Procedures
  - Processes
- Type or form of information is irrelevant

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# Trade Secrets

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***Trade secrets are  
easily obtained***

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***Trade secrets are  
easily lost***

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# Trade Secrets

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***Once the **secrecy** is gone***  

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***the **trade secret** is gone***

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# Trade Secrets

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## Creation and Protection

- Trade secrets are not registered
- But, trade secrets are an actual form of property just like any other form of IP
  - Licensable
  - Assignable
  - Able to be abandoned
- Created and enforced largely through contracts
  - Nondisclosure agreements (NDAs)
  - Employee Proprietary Information Agreements
  - Independent contractor agreements
- Secrecy is the key to preservation

# Trade Secrets

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***NDA*s**

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# Trade Secrets

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***NDA's***  
***Quite common***

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# Trade Secrets

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***NDA's***  
***Often overlooked***

# Trade Secrets

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***NDA's***  
***Not all created equal***

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***NDA's***  
***Do not take them for granted***

# Trade Secrets

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## NDA – Key Concerns

- Purpose
- Scope of use and disclosure
- Procedures and controls
- Duration of protection
- Ownership
- Return of information
- Remedies

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## NDA – Internal and External

- External
  - Precursor to a definitive agreement
  - Provide notice and verify intent
  - Test the water
  - Of course, not always practical
- Internal
  - With employees and contractors
  - Provide additional protection
  - Do not rely on the law alone to protect you

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***NDA's***

***What if the other side won't sign one?***

# Trade Secrets

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## Trade Secret Misappropriation

- Acquisition, disclosure, or use in breach of a duty to maintain secrecy
  - Improper means to acquire
  - Knew or had reason to know acquired
    - Through improper means
    - Under duty to maintain secrecy or limit use
    - From someone else who had a duty to maintain secrecy
- Knew or had reason to know acquired through accident or mistake
- Independent development and reverse engineering

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Patents

# Patents

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## General Information

- Cover largely the same subject matter as trade secrets
- Grants a legal “monopoly” over the covered invention in exchange for full disclosure of the invention
- The right to *exclude others* from making, using, or selling the covered invention
- *Not* the right to make, use, or sell
- Invention must be new, useful, and non-obvious

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# Patents



**PUBPAT**

**Evil?  
Why patents?**



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 **FREE SOFTWARE  
FOUNDATION**

# Patents

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## Why Patents?

- Defensive
  - Protect your core technology
  - Block existing and potential competitors
- Offensive
  - Assertion against others
  - Increasing cost, increasing risk
- Optics
  - Investors
  - Acquirors
  - Public markets
  - Customers
- Ego
  - Founders
  - Key employees
- Revenue
  - Licensing opportunities

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# Patents

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## Why Patents?



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# Patents

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## Creation and Protection

- Patents exist only in registered form
- Must file a patent application with the USPTO
  - Provisional Patent Application
  - Utility Patent Application
- Patent procurement process typically runs multiple years
- Patent applications are *not enforceable* until the patent issues
- Once issued, provides 20 years of protection from the date of filing of the initial application

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# Patents

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## Provisional Applications

- Many early stage companies rely on “provisional” applications
  - One-year grace period before filing regular application
  - Quicker?
  - Less expensive?
- Risks exist
  - Regular application limited to what is captured in the provisional
  - Limitations in the provisional
  - The “Power Point” provisional
  - New matter developed after the provisional is filed
  - Must file the regular application within the year
  - A good patent attorney can only help so much. . .

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***It is patentable?***

# Patents

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*Patents **can protect**  
“**Anything** under the sun made by man”*

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# Patents

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*The question is **not** “if”  
an invention is patentable*

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***But how strong** of a  
patent can be obtained*

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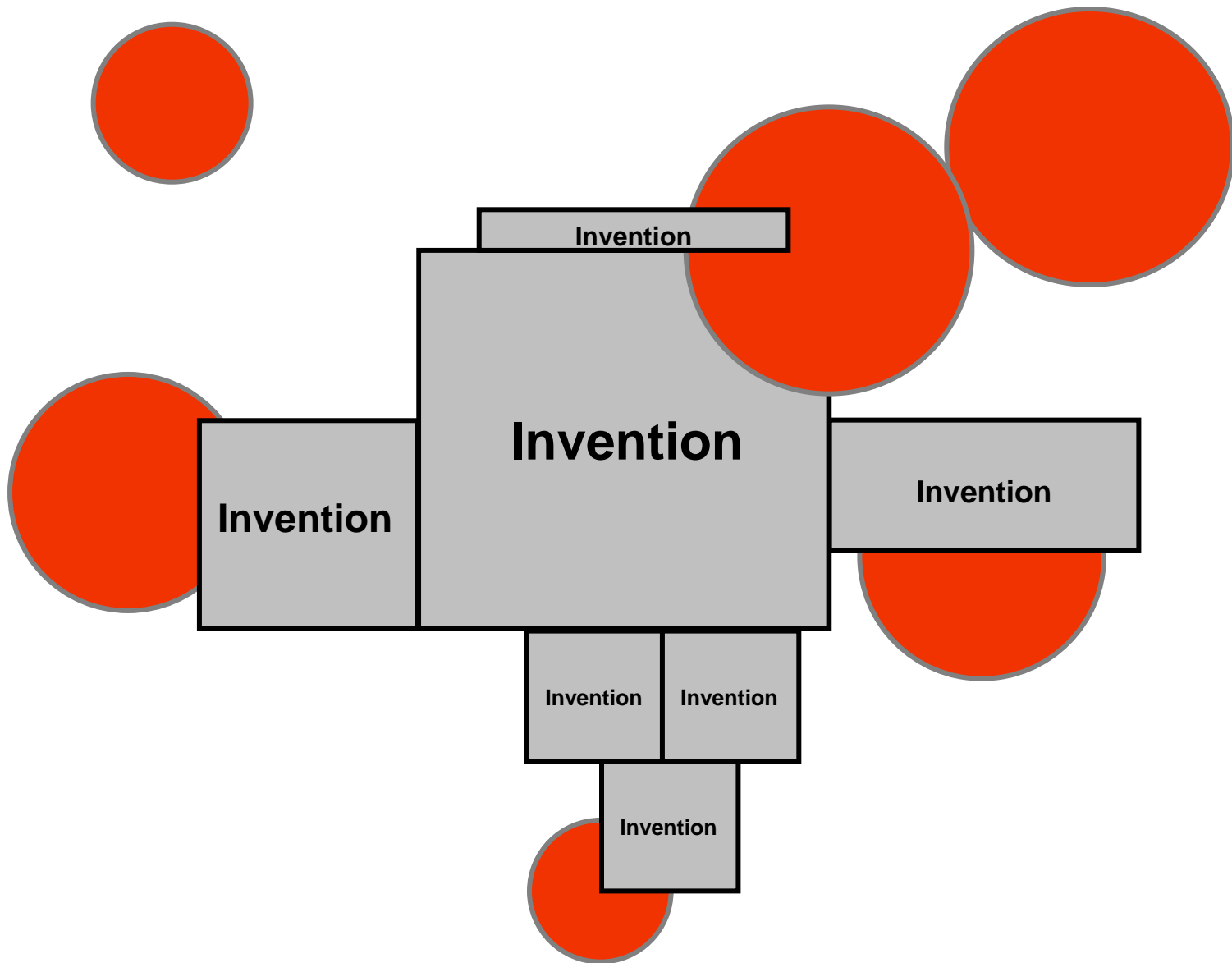


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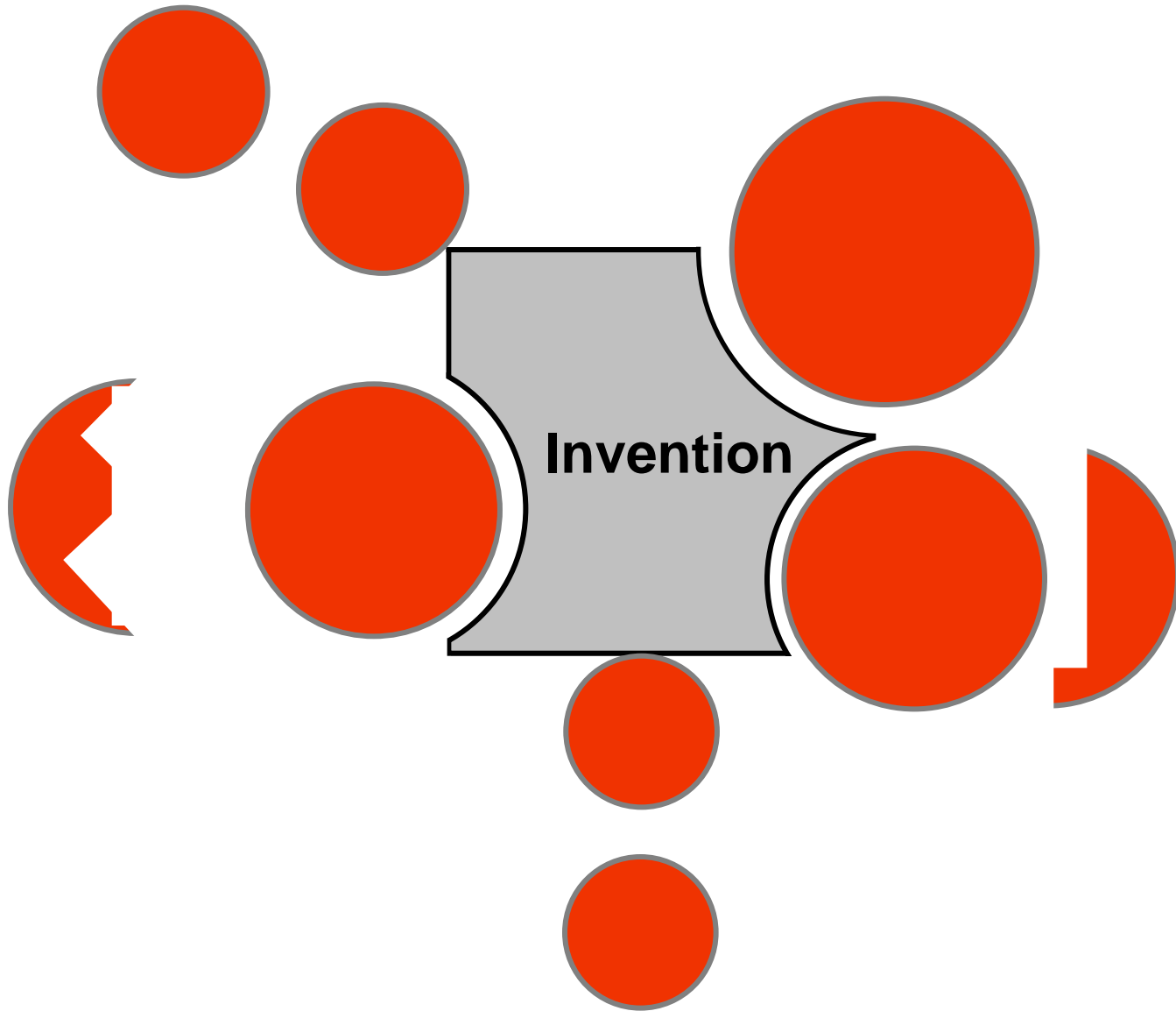


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# Patents

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*Are business methods and software  
**still** patentable?*

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*Yes, but. . .*

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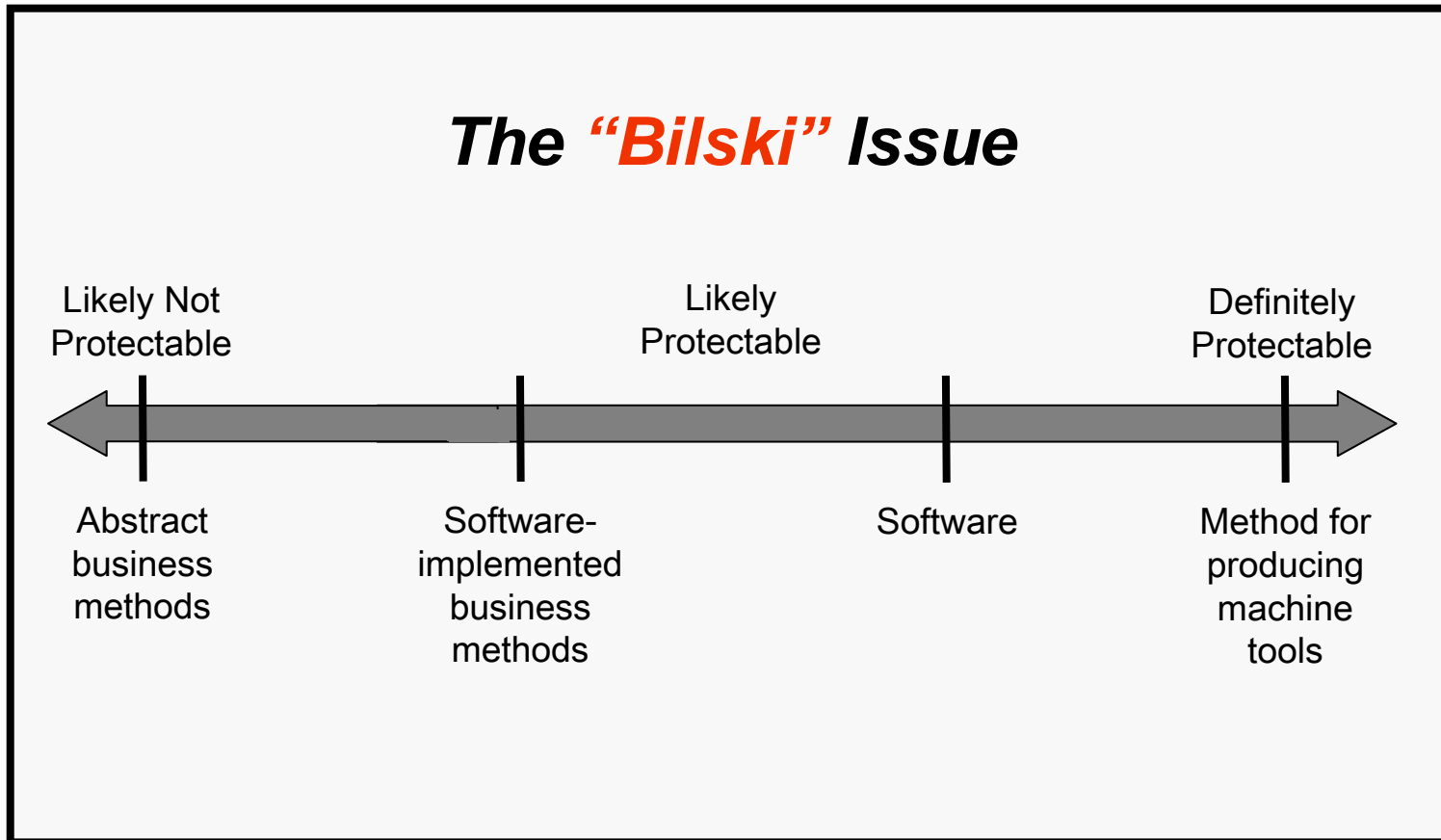
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## *The “Bilski” Issue*



# Patents

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## *The “Bilski” Issue*

- “machine-or-transformation test”**
- (1) tied to a particular machine or apparatus, or**
  - (2) transform a particular article into a different state or thing.**

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# Patents

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## Key Concerns

- U.S. patent system is “first-to-invent”
- Most foreign patent systems are “first-to-file”
- Key limitations are created by this difference
  - US filings
  - Foreign filings based on earlier US filings

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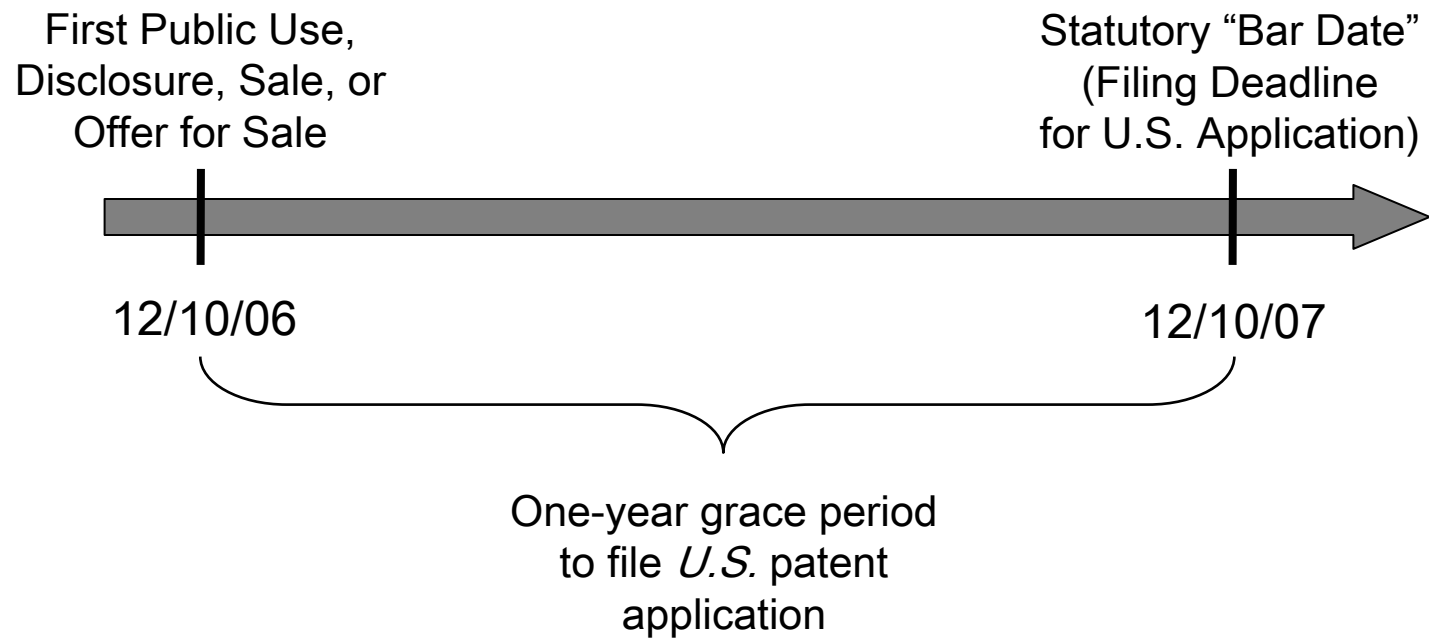


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# Patents

## US Filing “Bar Date”



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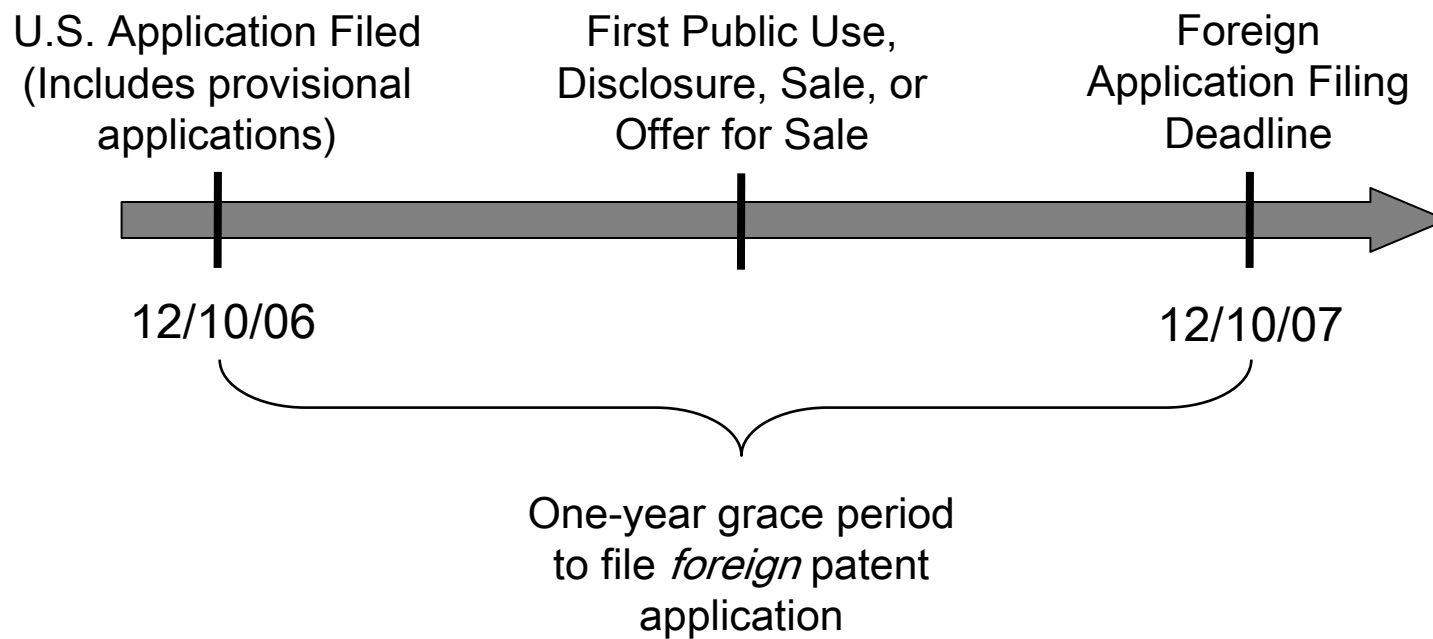


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## Foreign Filing “Bar Date”



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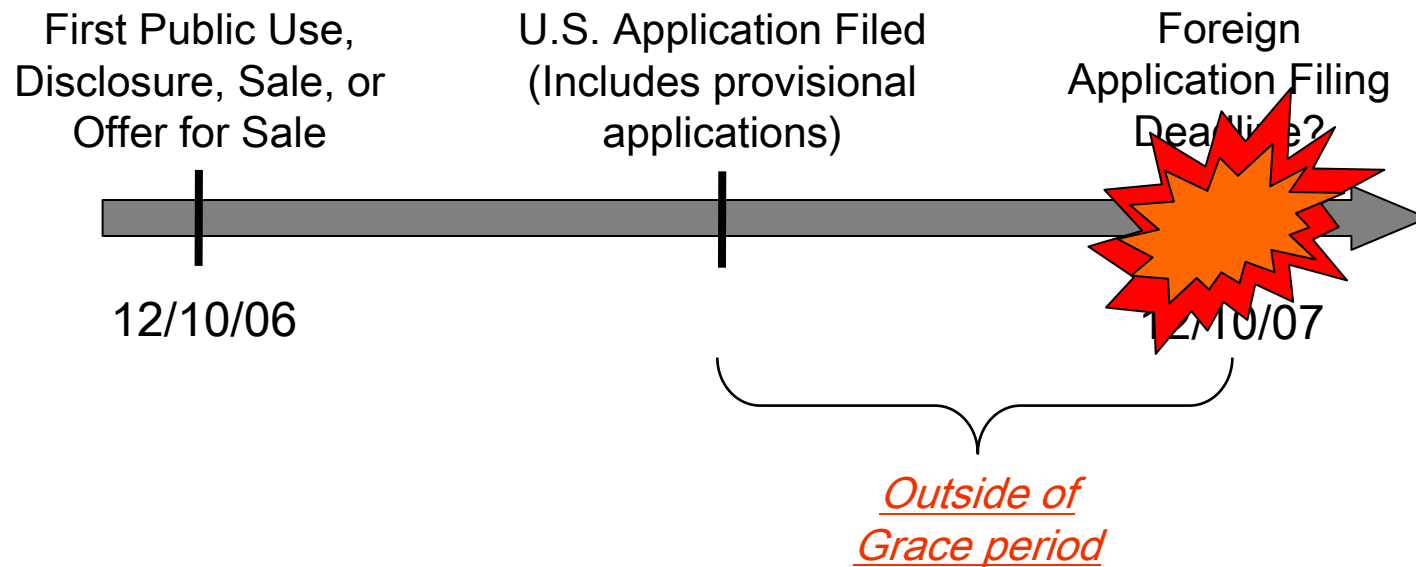


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## Foreign Filing “Bar Date”



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# Patents

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## Ownership and Transfer

- Owner
  - Patents issued to the named inventors
  - Inventors can assign rights to employer or other third party
- Joint ownership
  - Joint owners owe no obligations to other owners
  - Contrast with copyright
- Assignments
  - Entire patent or an undivided interest
  - Must be in writing
- Licenses
  - Any owner may grant a nonexclusive license
  - Exclusive licenses only by agreement of all owners

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# Patents

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## Patent Infringement

- Infringement requires making, using, or selling in the U.S.
- Two types of Infringement
  - Literal infringement
    - Infringement of each and every element of a patent claim
  - Doctrine of equivalents
    - Using substantially the same means
    - In substantially the same way
    - To obtain substantially the same result as the patented device or process
- No defense of independent development
- No defense of lack of knowledge

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Copyrights

# Copyrights

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## General Information

- Attributes
  - Original work of authorship
  - Fixed in any tangible medium
  - From which work can be perceived (directly or with machine)
- Virtually anything with at least some creativity recorded on any medium (electronic or otherwise)

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# Copyrights

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## Protections Provided

- Copyright protects the expression of an idea, not the idea itself
- Provides five exclusive rights:
  - Right to reproduce copies
  - Right to prepare derivative works
  - Right to public distribution
  - Right of public performance
  - Right of public display
- Rights are divisible
- Ownership of the medium vs. ownership of the copyright

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# Copyrights

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*Copyrights protect*  

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*creative expressions*  

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*not ideas*

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# Copyrights

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## Creation and Protection

- Either registered or unregistered
- Unregistered = Immediate Existence
  - Copyright comes into being as soon as original work fixed in tangible medium
- Registration is generally not burdensome
- Benefits of registration
  - Statutory damages and attorneys' fees
  - *Prima facie* evidence of copyrightability
  - Shifts burden of proof
  - Federal court
- No notice required
  - Since March 1, 1989, notice (©) is no longer required (although it is desirable)

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# Copyrights

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## Infringement

- Two types of infringement
  - Actual copying (verbatim copies)
  - Access plus substantial similarity
- Any or all of the five exclusive rights can be infringed
- Independent creation
- Lack of access

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# Copyrights

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## Digital Millennium Copyright Act “DMCA”

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# Copyrights

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## DMCA

- Enacted in 1998
- Largely in response to fears of the content industry
  - Digital format made copying easy and cheap
  - Existing copyright law provided ineffective protections against piracy of copyrighted works
- Creates several primary areas of focus
  - Legal protection against circumvention of technological protection measures
  - Safe harbors from copyright infringement for “online service providers”
  - Other areas (less prominent, but equally important)
- Highly controversial

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# Copyrights

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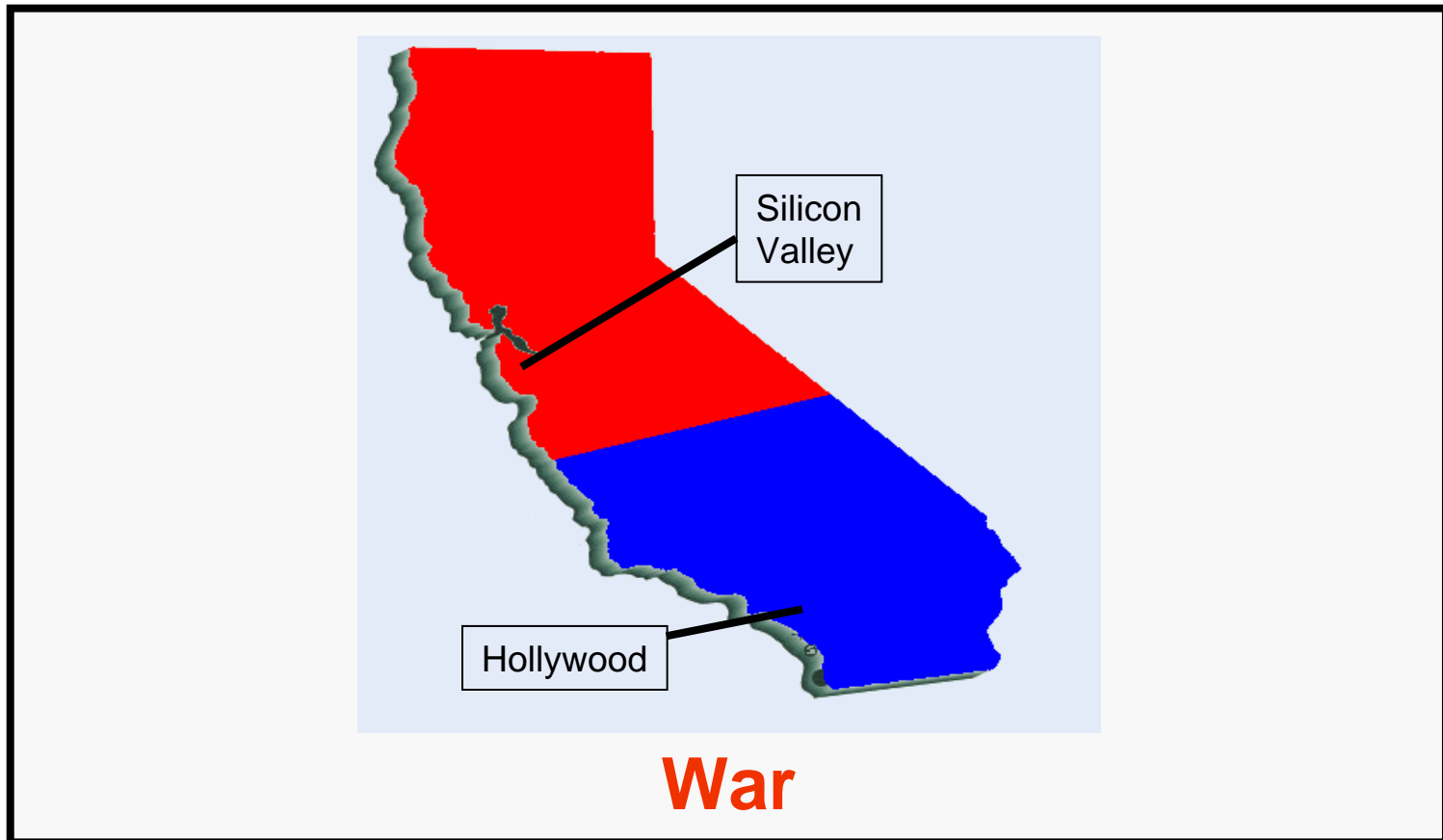
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**War**

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# Copyrights

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## DMCA – Anti-Circumvention and Trafficking

- Two areas of focus:
  - Acts of circumventing a technological measure used by a copyright owner to control *access* to their work
  - Trafficking in any tool (product, service, technology, etc.) that circumvents technological measures used by a copyright owner to control *access to or copying of* their work
- Targets both the act circumventing access controls *and* trafficking in tools that make such circumvention possible
- Neither requires that an infringing copy of the work have been made
- Provisions are technology-neutral
- Exceptions for certain limited classes of activities (including some forms of reverse engineering)

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# Copyrights

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## DMCA – Safe Harbor

- Provides safe harbors for Online Service Providers (OSPs) against direct and contributory liability for copyright infringement
- Primary safe harbor relates to user-posted materials
- Minimal requirements (and who says *nothing* is free. . .)
  - Designation of an agent for service under the DMCA
  - Compliance with the specific “notice and takedown” procedures in the DMCA

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Trademarks

# Trademarks

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## General Information

- Identify the source of origin of goods/services
- Types
  - Trademarks – goods
  - Service marks – services
  - Collective marks
  - Certification marks
- Territorial protection
  - International
  - Federal
  - State
  - Common law
- First to use (U.S.) v. first to file

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# Trademarks

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## Creation and Protection

- Either registered or unregistered form
- Unregistered = Use
- Registration requires filing of an application with the trademark office
- Types of applications
  - Use-based
  - Intent to Use (with later showing of actual use)

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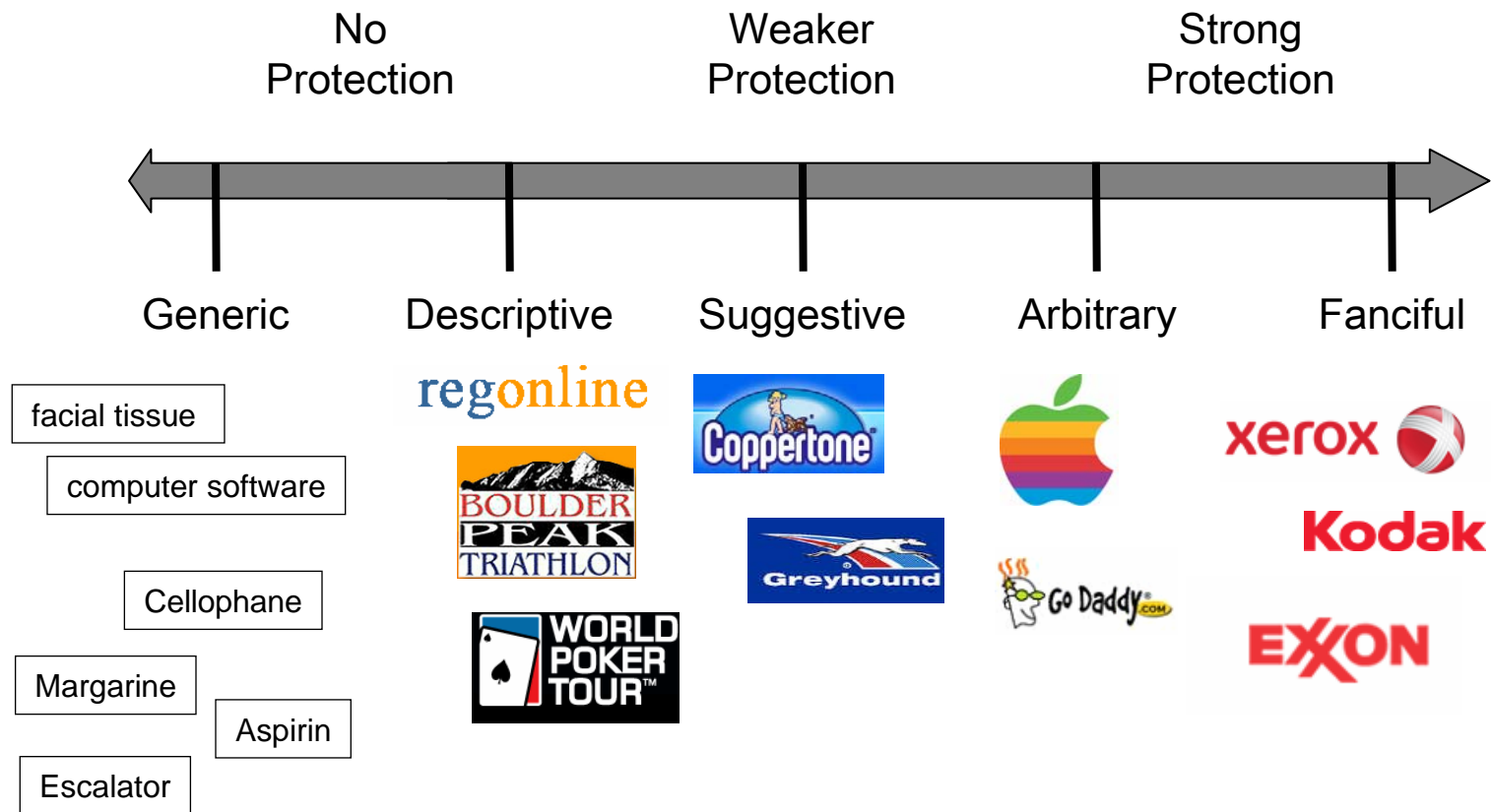


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# Trademarks

## All Marks Are Not Created Equal



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# Trademarks

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## Ownership

- Owner
  - Party who first uses the mark (U.S.)
  - Party who submits application for registration
- Assignments
  - Goodwill of the business symbolized by mark
  - Special rule for Intent to Use (ITU) applications – only to a successor to the business to which the mark pertains
- Licenses
  - Territory
  - Specific goods and services
  - Quality control and “policing”

# Trademarks

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## Infringement

- Likely to cause confusion, mistake, or deception
- Likelihood of confusion, *not actual confusion*
- Independent use is not a defense

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***So, now that you know the tools,***



***how should you use them?***

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***Strategically***  
***to support your business model***

# Developing an IP Strategy

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*Identify **key areas** of  
your business*

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*Understand how IP  
can **protect value** in those areas*

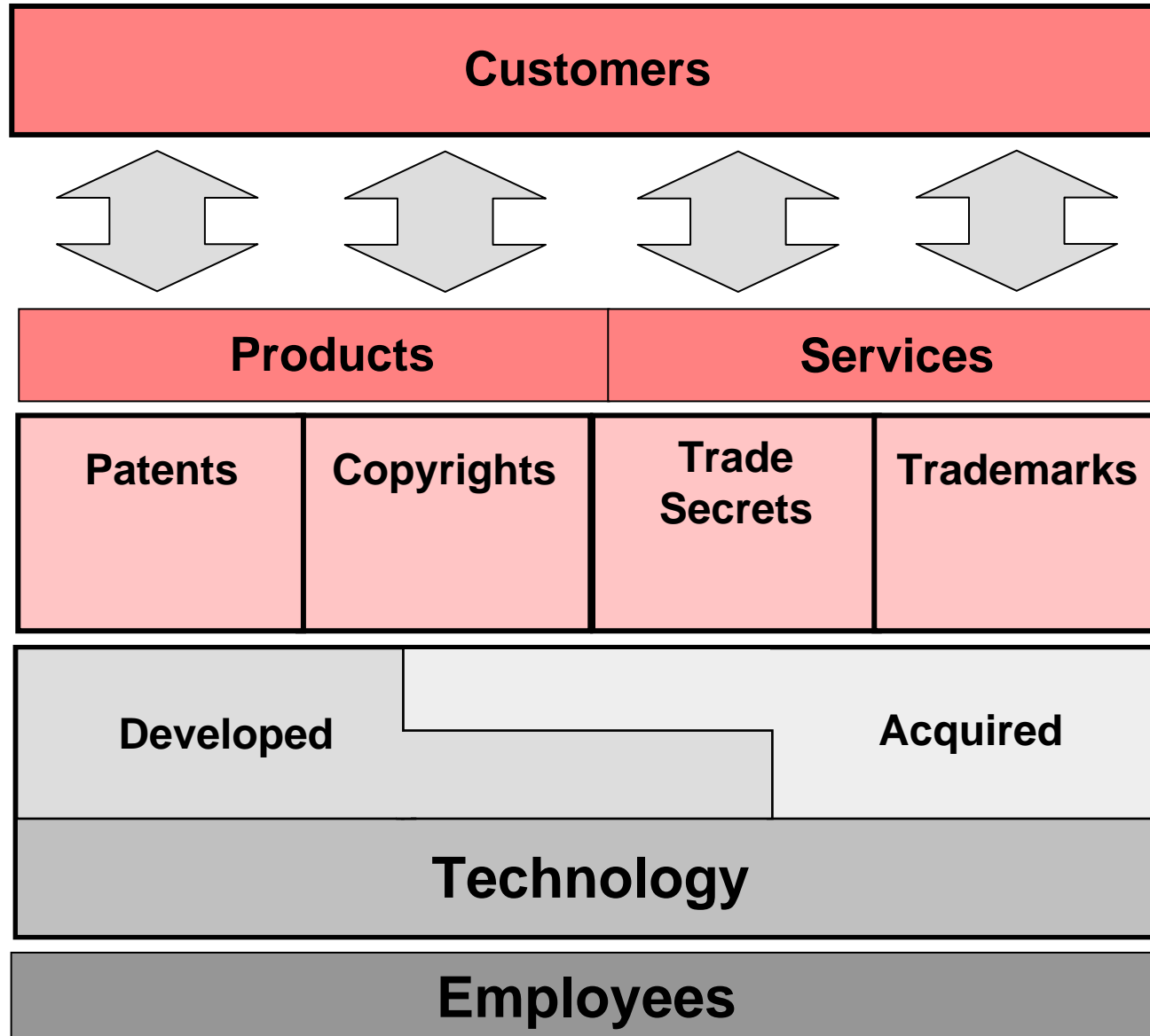
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# Developing an IP Strategy



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# Developing an IP Strategy

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*Align IP strategy with  
**business objectives***

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*Develop and deploy IP to  
support **business goals***

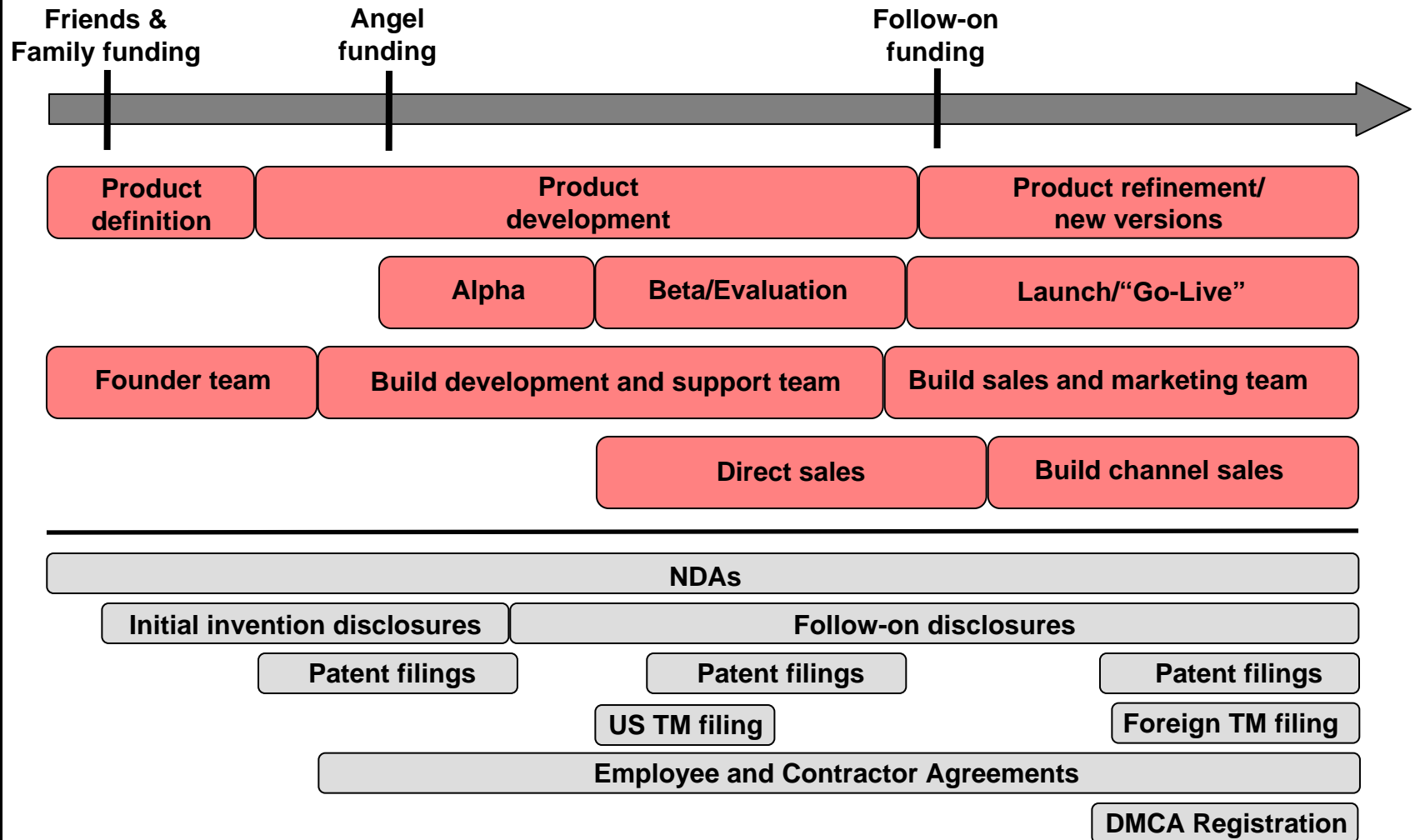
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# Developing an IP Strategy



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# Developing an IP Strategy

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**Use *available tools***

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**Create *multiple layers* of protection**

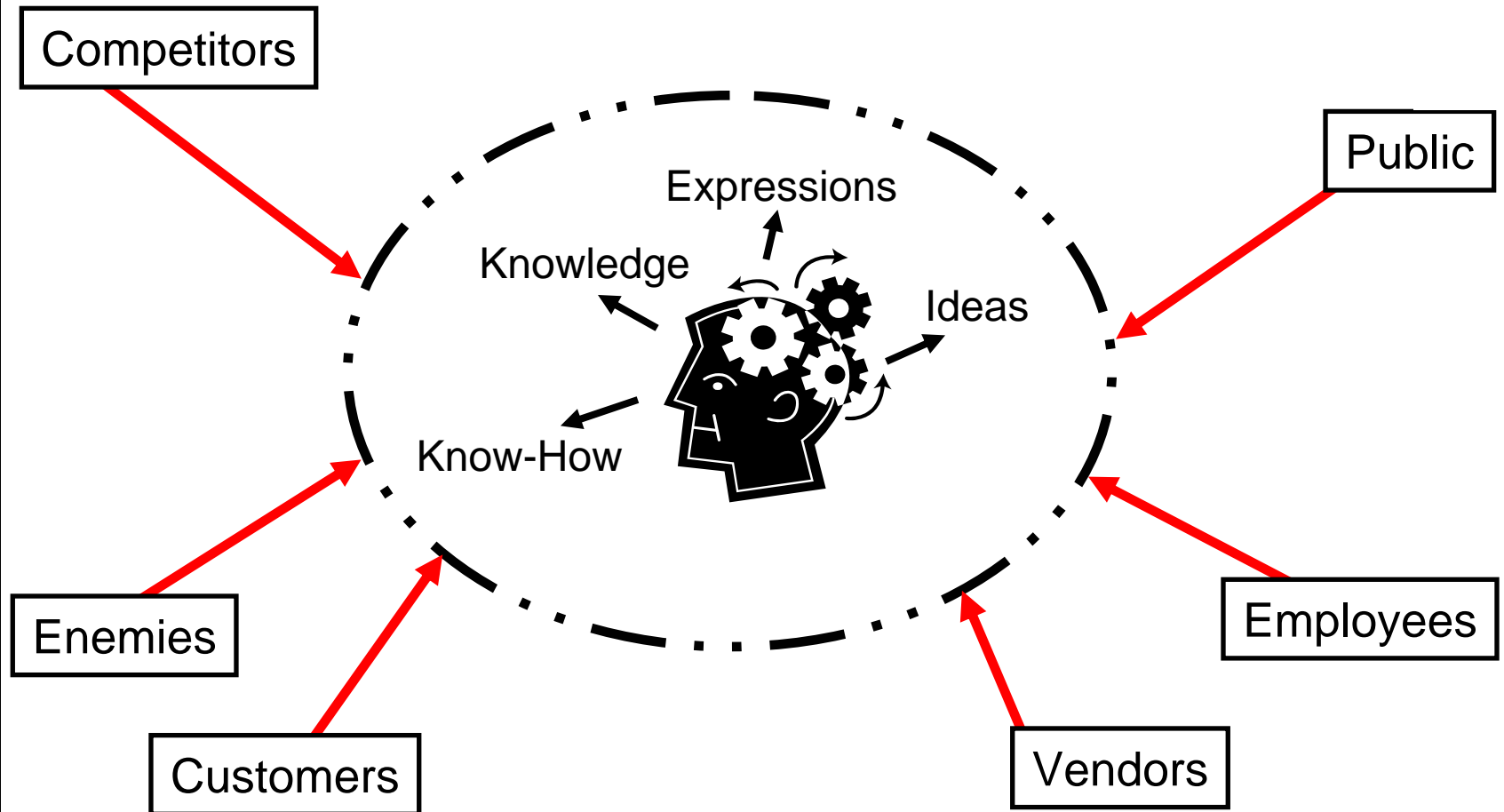
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# Developing an IP Strategy



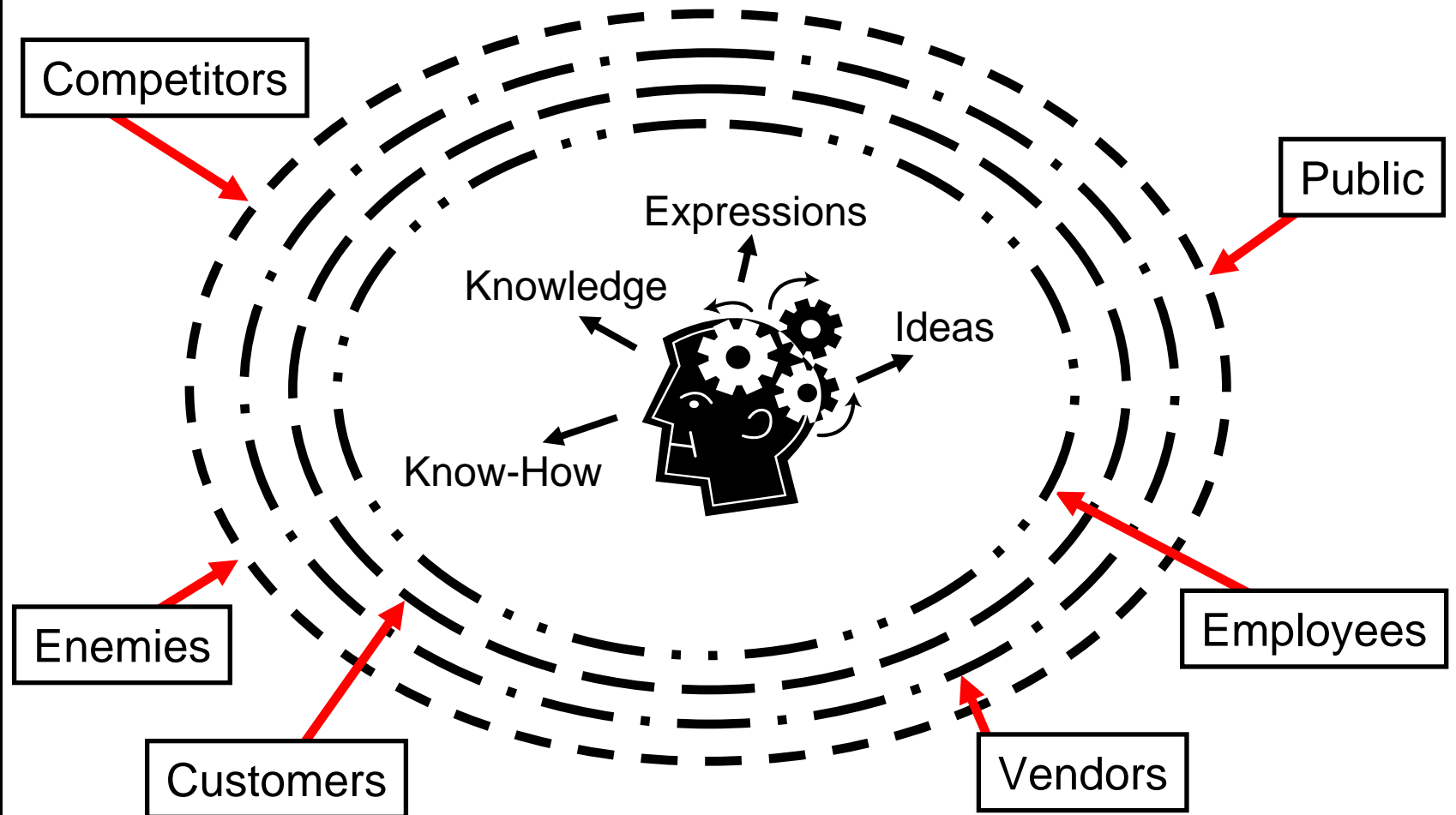
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# Developing an IP Strategy



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# Developing an IP Strategy

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## Multi-Layered Approach

- Apply the primary forms of IP protection
  - All forms are not created equal
  - Evaluate which tool fits the job
  - No one-size fits all approach
- Apply other tools to implement and support these protections
  - Corporate policies
  - Physical security measures
  - Agreements
    - Employee Proprietary Information and Invention Assignment Agreements
    - Contractor Agreements
    - Customer Agreements (licenses, service agreements, etc)
    - Procurement Agreements
  - Invention disclosure and “harvesting” program
  - IP and technology reviews
  - Technical protection measures (DRM)

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# Closing Thoughts

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*IP is everywhere*

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# Closing Thoughts

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*The question is **not** “if”  
protection can be obtained*

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***But how valuable**  
it will be to your business*

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# Closing Thoughts

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***Make each **choice to protect*****  
***an **informed and conscious choice*****

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**Thank you.**

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