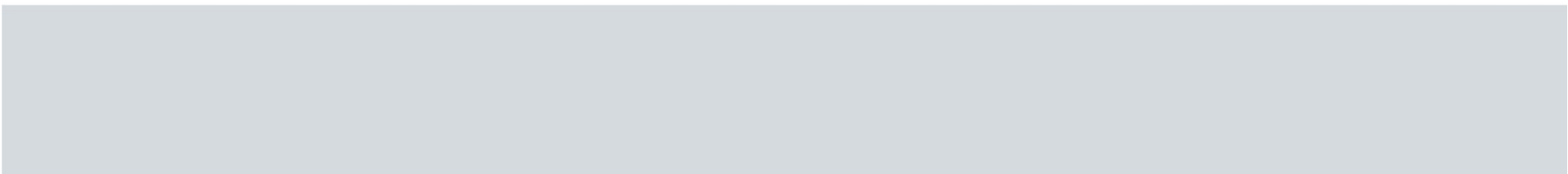


An Introduction to Intellectual Property & Patent Law

Lisa Margonis
Osha Liang LLP
May 19, 2011

Intellectual Property

- An intangible asset
 - Intellectual Property - creations of the mind
 - Inventions
 - Literary and artistic works
 - Symbols, names, and images used in commerce.
 - Tool for converting human capital into value by defining and capturing new knowledge
- 
- A solid grey horizontal bar spans the width of the slide at the bottom.

Why Does IP Matter?

- More than defensive act against potential competitors: increasing market value and future profitability
 - Generate income
 - Through sale, licensing, commercialization of IP-protected products and methods
 - Provides expectation of future profits
 - Obtain, maintain, improve market share
 - Create brand and protect brand value
 - Enhance value and image
 - In eyes of customers, investors, and financial institutions
 - In event of sale, merger, or acquisition
- 

Types of Intellectual Property

- Patents
- Trademarks
- Trade Secrets
- Trade Dress
- Copyrights

TRADEMARKS

- Indication of source or origin of goods or services
- Rights flow from **use**
 - Registration is confirmation of rights
 - Gives various advantages
- Rights are tied to specific type or types of products in a specific market
- No rights in the absence of actual use of mark in the relevant market

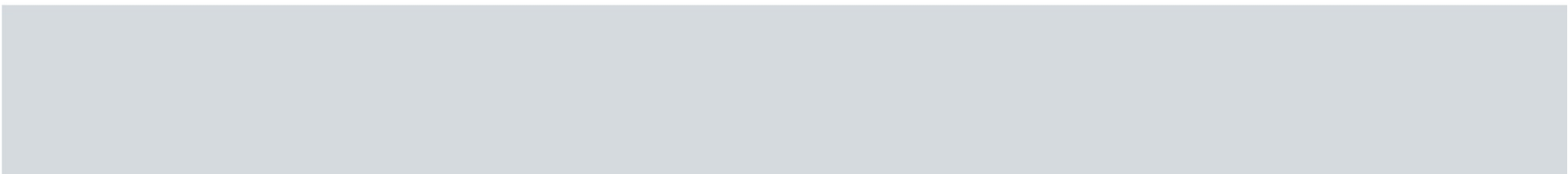
TRADEMARKS

- Duty to Police Marks
 - Scope of right will lessen if competitors allowed to use similar marks
 - Rights may be lost if mark allowed to become generic term
 - Aspirin
 - Cellophane
 - Nylon
 - Thermos
 - Escalator

TRADEMARKS

- Less descriptive mark is stronger, more descriptive mark is weaker
 - Strongest marks are coined or arbitrary
 - “Apple” for computers
 - Suggestive marks are more difficult to protect
 - Netscape, Microsoft

Trademarks

- Almost every enterprise has a trade name and one or more trade or service marks
 - Effective use allows your products and services to be differentiated and more easily recognizable
 - Promote products / services and create loyal clientele
- 

TRADE DRESS

- “The visual image by which the product or service is presented to the relevant consuming public. It can include shape, appearance, and color of the product itself or packaging which is distinctive enough to identify the source of the goods or services.”

1 J. Thomas McCarthy, Trademarks and Unfair Competition § 8:1-8:7, 7:23-7:33 (2d ed. 1984).

- Limited in scope
 - Closely related to trademark
 - Must indicate source of goods to the consumer

TRADE SECRET

- General Definition:
 - (1) a secret which gives its owner an actual or potential advantage in business, and
 - (2) which the owner exercises reasonable measures to maintain as a secret

COPYRIGHT

- Right attaches to a creative work fixed in a tangible medium
 - Book, plans, drawings, sculpture, musical work, *etc.*
- Copyright attaches
 - Regardless of presence or lack of copyright notice
 - Regardless of whether or not copyright is registered
- Still good practice to include copyright notice
 - Use © or the word, “copyright”, and the year

PATENTS

- Utility Patent
 - Protects functional aspects of products and methods
 - the way something works, is used, or is made
 - Usually what is meant by “a patent”
- Design Patent
 - Protects the ornamental design of an article
- Plant Patent
 - Protects asexual reproduction of new plant variety
- In some countries: Utility Model (China)

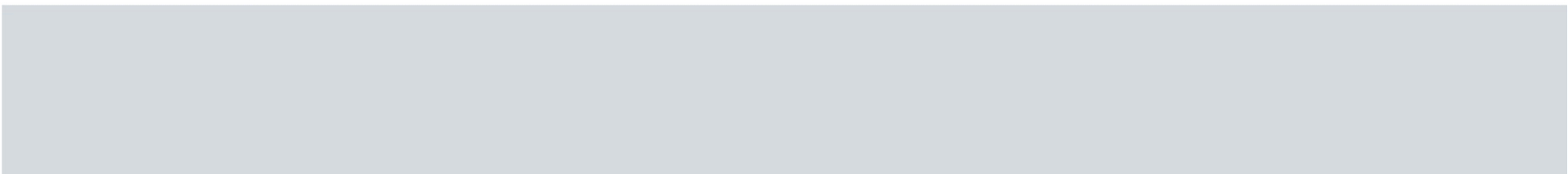
What is a Patent?

- The grant of an exclusive right of a limited duration as a reward for development of new technology
- Technology must be new and non-obvious
- Inventor gets exclusive right for limited time, and public gets full disclosure of the technology, right to use when patent expires
 - Facilitates sharing of research

Why Patent?

- **Offensive Purposes**
 - Exclusivity/Competitive Advantage
 - Licensing: negotiating power and income
 - Litigation
 - Positive Image
- **Defensive Purposes**
 - Protect freedom-to-operate
 - Cross-licensing

What Can Happen if You Don't

- Lose competitive advantage
 - Unable to prevent copycat competitors from “borrowing”
 - Someone else may patent
 - Excluded from practicing your own invention
 - Forced to license from competitors
- 
- A solid gray horizontal bar spans the width of the slide at the bottom.

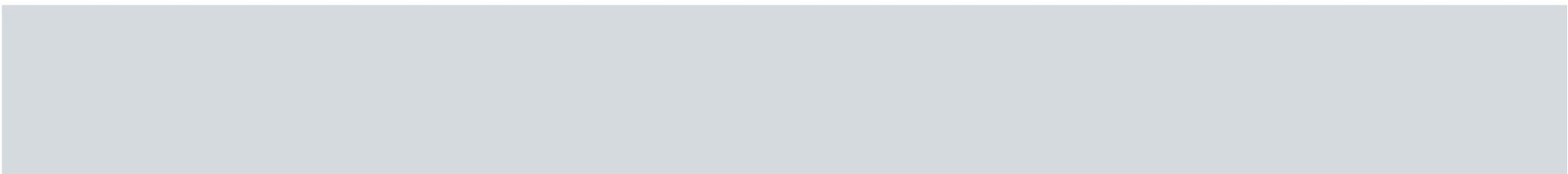
Deciding What to Patent

- Understand your technology and how it fits in the marketplace and your business plan
- What is the potential commercial value of the invention?
- How easily can a competitor design around?

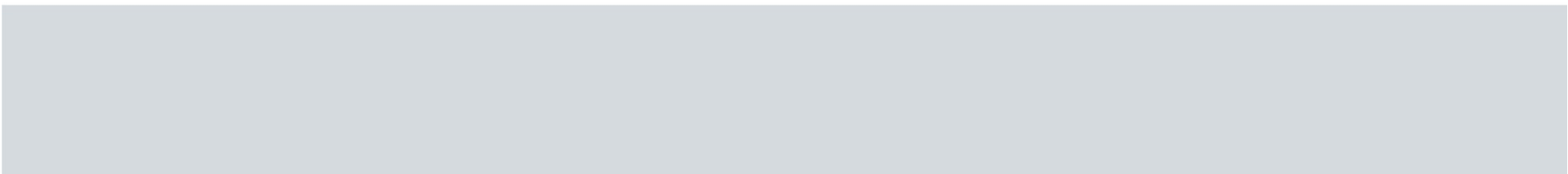
Look Beyond “Typical” Subject Matter

- New products – of course!
- Don't forget methods
 - Methods of making
 - Methods of using (new uses of old products)
- Don't forget intermediates and components of products

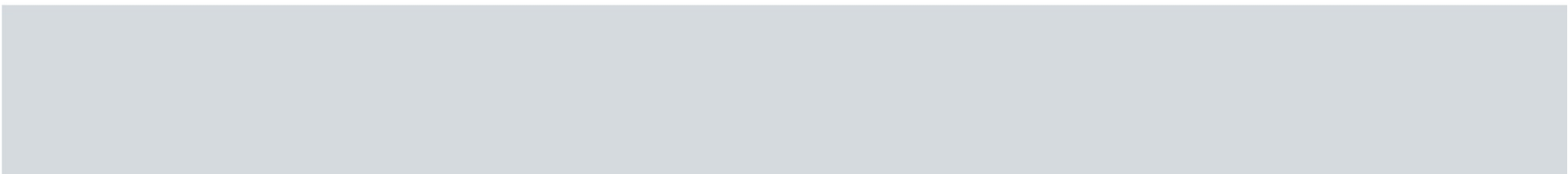
Considerations in What to Patent

- Who is the target infringer?
 - Is infringement easy/difficult to detect?
 - Consider potential design-arounds
 - Do not limit to commercial product or what is monetarily feasible today
 - Claiming an appropriate breadth
 - Fastener vs. pivot pin
- 

Where Should We Patent?

- A patent is granted and enforced in a single country
 - To possess exclusivity in a country, you must file a patent application there
 - File first application in home country, then file foreign within 12 months
- 

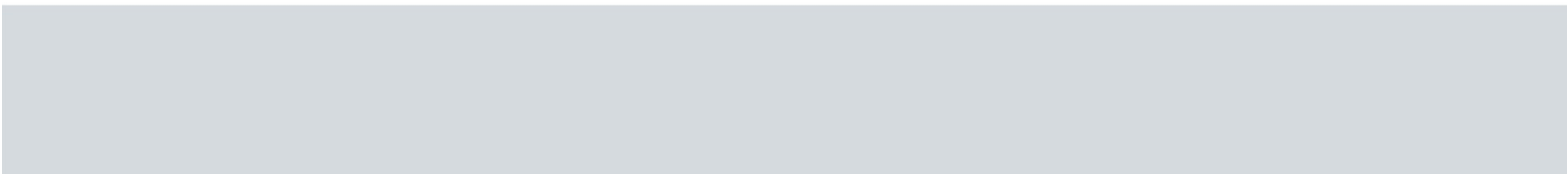
Foreign Protection of IP

- Global protection is costly (over \$500K for single invention in 50 major countries)
 - Any place you do not file, no claim to exclusivity
 - Should balance need for exclusivity with:
 - Cost
 - Ability to obtain and enforce
 - Return on investment
- 

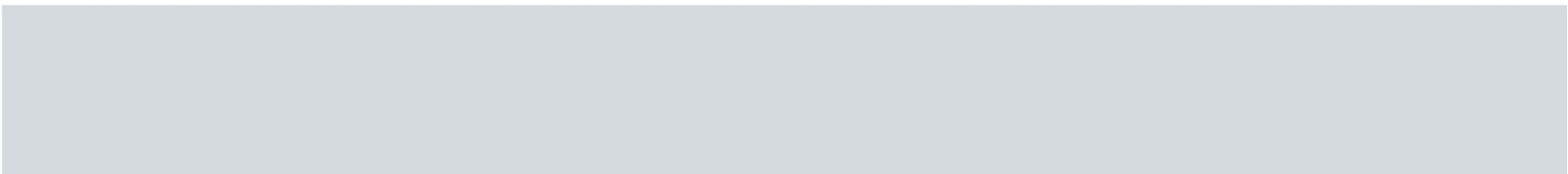
When to File – To have a Valid Patent

- Promptly after the inventor has determined how to achieve the results desired
- Not necessary to wait for construction of a working embodiment to disclose or patent
- Patents Filed in United States
 - A patent application must be filed within 1 year of any disclosure event of the invention described.
 - First to Invent – Can swear behind disclosure event within 1 year
- Patents Filed in Foreign Countries
 - Generally, a patent application must be filed prior to any disclosure event of the invention described.
 - First to File – Race to the patent office

What are Considered Disclosure Events?

- Publication or presentation of a technical paper or other description
 - Display at trade shows
 - Postings on the Internet
 - Outsourcing prototype manufacture without a non-disclosure agreement
 - Sale or offer to sell
 - Use of the invention in public (no trade secret protection enforced)
- 

How - What to Include in Invention Disclosure

- A complete written disclosure of the invention
 - Attach drawings or sketches, reaction pathways
 - Disclose various embodiments, when possible
 - ALWAYS include the “best mode” (do not hold back)
 - Inventor and two witnesses sign and date
- 

The Patent Document

- Patent rights flow from patent application
 - Written disclosure or “specification”
 - Drawings when appropriate
 - “Claims”
 - Claims define the scope of patent monopoly
 - Each claim stands independently
 - Validity of each claim determined separately

Requirements of a Patent Specification

- Enablement
 - Teach how to make and use invention without undue experimentation
- Written description of invention
 - Explains what the applicant believes the scope of the invention to be
- “Best mode”
 - Duty to describe the best mode of carrying out the invention known to the inventor at the date of filing

Practical Considerations

- For the U.S., we **MUST** be able to prove date of invention
- Lab notebooks are **ESSENTIAL!!**

Lab Notebooks

- The goal is to maintain records in a provable form that may be admitted in a court of law
- Detailed and accurate
- Primary record of the achievements of an individual
- A source for preparation of invention disclosures
- 2 Colleagues qualified to understand the data should witness each page with his/her signature and date

Assignment of IP Rights

- Only individual inventors can file for a US Patent – corporations cannot directly file
- Invention is owned by the inventors – they are the presumed owners
- Inventors must sign an Assignment transferring rights to an employer/ corporation/university

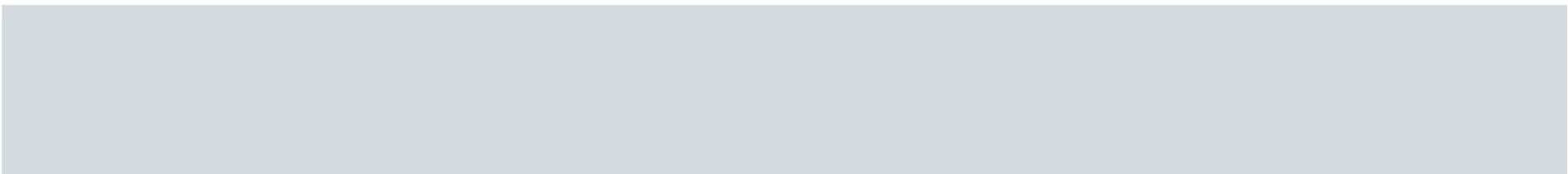
Appropriate Agreements in Place

- Employee
- Consultant
- Vendor/Vendee

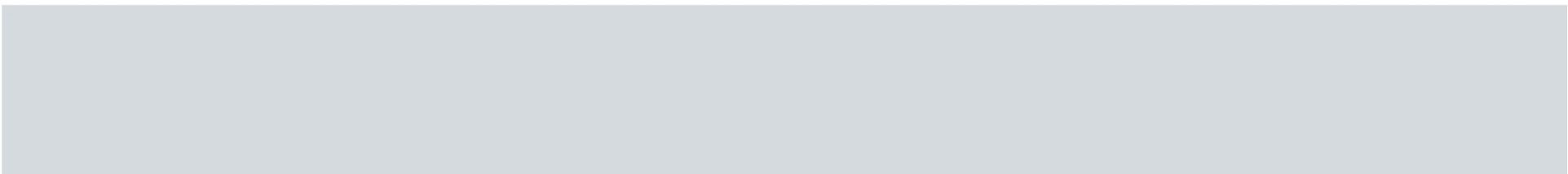
Employee / Consultant Agreements

- Be aware of employee mobility
- Be proactive – require all employees and consultants to sign agreements at start of employment

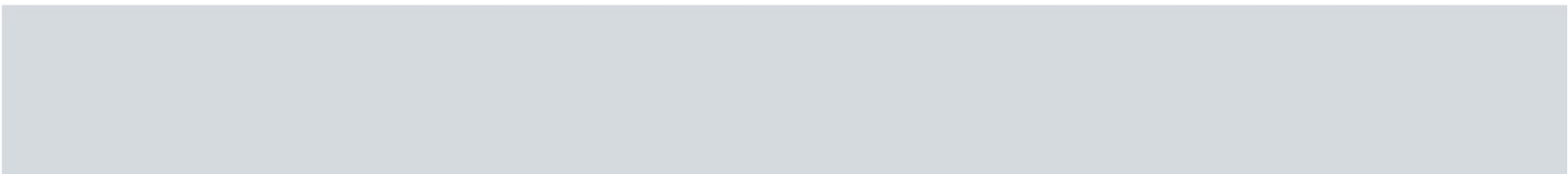
Employee / Consultant Agreements

- Confidentiality Provisions
 - Covers BOTH use and disclosure
 - Extends after end of employment
 - Invention assignment provisions
 - Assist in the preparation and enforcement of patent applications
 - Copyright assignment provisions
 - Non-compete provisions
 - Non-solicitation clauses
- 

Vendor / Vendee or Collaborative Agreements

- Define who owns what
 - Limitations on field of use
 - Confidentiality Provisions
 - Covers BOTH use and disclosure
 - Extends after end of cessation of agreement
 - Employee education on necessity of NDA (specific) prior to collaborative work
- 

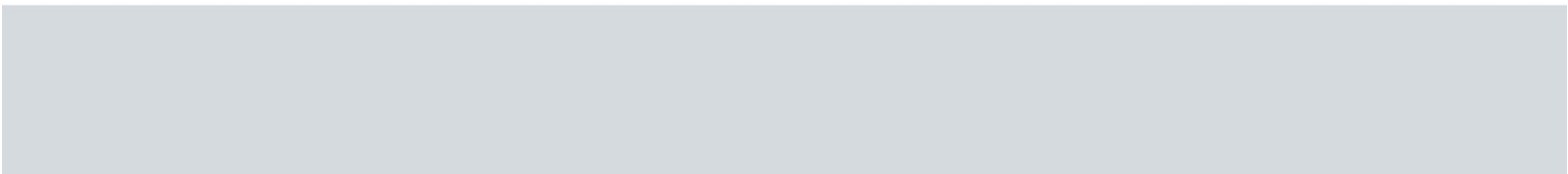
Tips to Help Spur Creation of Patent Rights

- Focus on individual and specific lines of business or technologies
 - Monitor competitors' filings and activity
 - Conduct regular brainstorming sessions
 - Employee education (all levels)
 - Who, what, where, when, why, how of patenting
 - Invention reward system
 - Appoint a technical person as IP Manager
- 

What happens after the application is filed?

- Application is:
 - Assigned to examining group based on class/subclass
 - Assigned to appropriate examiner within group
 - Examined in order of date assigned, unless special case
- Timing for U.S. PTO action (Roughly):
 - 14 - 18 months for initial examination
 - 4 months for responsive examination
 - 4 months for issuance
 - 2.5 - 3 years filing to issue

When Not to Patent?

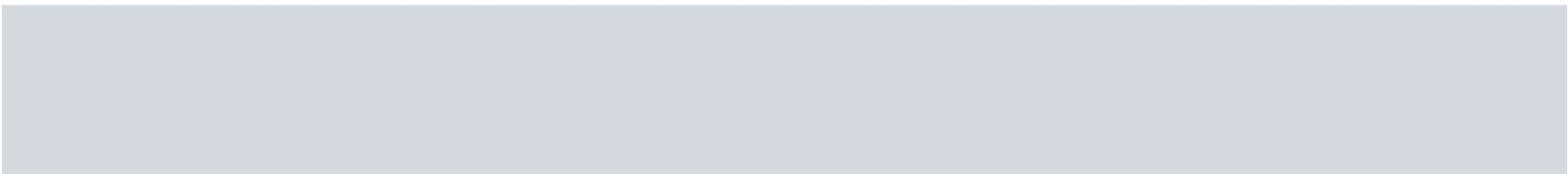
- Trade Secret
 - a secret that gives its owner an actual or potential advantage in business or trade,
 - which the owner exercises reasonable measures to maintain as a secret
 - rights can last indefinitely, but there is no protection if separately discovered
 - Defensive Publication
 - Publish to ensure freedom-to-operate and prevent patent attempts by others
- 

Potential Liabilities & Minimizing Risks

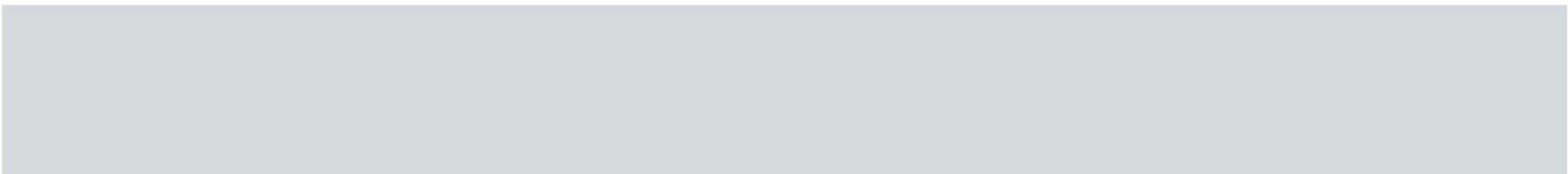
Freedom to Operate

- Always keep eventual commercialization in mind
- Must conduct patent & TM searches before commercializing
- Patent Grant \neq Freedom to Operate

When Presented with Notice of Patent by Third Party

- Request specifics (e.g., claim charts and accused products) from the patentee if letter is received
 - Request opinion if
 - Useful to make informed business decision
 - Close case – answer not clear
 - Invalidity/unenforceability position only
- 

Withholding Information from Attorney

- Provide all known prior art that is relevant to invention
 - The inventor and any individual within the company who are involved in the patent application
 - Must submit any known information that an Examiner would be likely to consider important in examining an application
 - Provide “best mode” for carrying out invention
- 

Attorney Selection

- Find attorney with similar technical background as invention
- Do not select simply based on cost
 - Should feel comfortable freely communicating all questions and concerns
 - Should be able to track down easily
 - Possesses schedule of standard charges

Any Questions?

Lisa Margonis margonis@oshaliang.com