TRANSACTIONAL TRACK
Intellectual Property

4:00 pm.-5:00 p.m.

Presented by
Ryan Carter
Nyemaster Goode, PC
625 First Street SE, Suite 400
Cedar Rapids, IA 52401
Phone: 319-286-7004

Wednesday, October 30, 2013
INTELLECTUAL PROPERTY LAW
OVERVIEW + THE AMERICA INVENTS ACT

NUTS AND BOLTS SEMINAR
OCTOBER 30, 2013

RYAN CARTER
(319) 286-7004 | Facsimile: (319) 286-7050
625 First Street SE | Cedar Rapids, IA 52401

Attorneys at Law | Offices in Des Moines, Ames and Cedar Rapids
INTELLECTUAL PROPERTY

- Patent
- Trade Secret
- Trademark
- Copyright
- The America Invents Act (Patents)
A patent is a set of exclusive rights granted to an inventor (or his/her assignee) for a limited period of time in exchange for a public disclosure of an invention.

Proper subject matter -- A patent may cover a device, method, composition, or plant.

- Business method patents and the “machine or transformation” test.
STATUTORY CRITERIA FOR PATENTABILITY

The invention must be novel, not-obvious, and useful.

U.S. Patent number 6,293,874: "User-operated amusement apparatus for kicking the user's buttocks"
**Trade Secrets**

- The opposite of patent protection.

- Any information that has independent economic value and is subject to **reasonable steps to maintain its secrecy**.

- Examples include formula, customer list, process, recipe, etc. which give the owner an opportunity to obtain an advantage over competitors.

- Well suited for processes which are difficult to reverse engineer.
THE PATENT APPLICATION PROCESS

- Inventor and patent lawyer are a team.
- Inventor communicates the invention to patent lawyer.
- Patentability and/or Infringement Search.
- Draft and file patent application.
- Wait 1-2 years....
- First Office action is usually a rejection. Respond by submitting arguments and narrowing the claims.
- Subsequent Office actions and responses.
- Patent is either abandoned or allowed.
FOREIGN PATENT APPLICATIONS

- Within 1 year of earliest U.S. filing date must either:
  - File an application under the Patent Cooperation Treaty (PCT); or
  - File an application directly with foreign patent offices.

- Most foreign countries require absolute novelty.
BARS TO PATENTABILITY

• The inventor has **one year** to file a patent application after the inventor’s first publication, public use, or sale of the invention.

• Non-Disclosure/Confidentiality Agreements.
  – Make sure third parties sign NDAs if they are helping to develop the invention.
  – Be careful what NDA employees sign – agreements signed during plant tours can be damaging to development.
The ownership of the patent (or the application for the patent) initially vests in the named inventors of the invention of the patent.

- Inventorship determined by “conception” of an idea.
- Why can’t an entity decide in advance who the inventor will be?
- **Strategy:** Use present tense language in employment agreement assignment provisions so that inventions are automatically assigned to the entity upon conception and disclosure.
Employees and contractors own their inventions absent a written agreement to the contrary!
WHAT RIGHTS ARE CONFERRED WHEN THE PATENT ISSUES?

- Patents confer “the right to exclude others from making, using, offering for sale, or selling” the invention in the United States.
Claim 1: A football helmet comprising:

- a plastic outer shell adapted to receive a football player’s head;
- a first side and a second side, each side having a circular opening; and
- a faceguard having a plurality of vertical and horizontal members combined with the shell.
You can design around a patent.

You can reverse engineer a trade secret.

But how do you design around a brand?
A trademark is a distinctive indicator that identifies a product’s source of origin.

- Colors, ♫Sounds, and △Smells
- Combinations thereof
<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Brand value 2013 MM</th>
<th>Brand contribution</th>
<th>Brand value % change 2013 vs 2012</th>
<th>Rank change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Technology</td>
<td>Apple</td>
<td>185,071</td>
<td>4</td>
<td>1%</td>
<td>0</td>
</tr>
<tr>
<td>2 Technology</td>
<td>Google</td>
<td>113,590</td>
<td>3</td>
<td>5%</td>
<td>1</td>
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<tr>
<td>3 Technology</td>
<td>IBM</td>
<td>112,536</td>
<td>3</td>
<td>-3%</td>
<td>-1</td>
</tr>
<tr>
<td>4 Food</td>
<td>McDonald's</td>
<td>99,296</td>
<td>4</td>
<td>-5%</td>
<td>0</td>
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<tr>
<td>5 Soft Drinks</td>
<td>Coca-Cola</td>
<td>78,415</td>
<td>5</td>
<td>6%</td>
<td>1</td>
</tr>
<tr>
<td>6 Telecons</td>
<td>AT&amp;T</td>
<td>78,307</td>
<td>3</td>
<td>10%</td>
<td>2</td>
</tr>
<tr>
<td>7 Technology</td>
<td>Microsoft</td>
<td>69,814</td>
<td>3</td>
<td>-9%</td>
<td>-2</td>
</tr>
<tr>
<td>8 Tobacco</td>
<td>Philip Morris</td>
<td>69,385</td>
<td>3</td>
<td>-6%</td>
<td>-1</td>
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<tr>
<td>9 Credit Card</td>
<td>Visa</td>
<td>56,360</td>
<td>4</td>
<td>-46%</td>
<td>6</td>
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<tr>
<td>10 Telecons</td>
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<td>55,568</td>
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<td>11 Conglomerate</td>
<td>GE</td>
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<tr>
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<td>13 Regional Banks</td>
<td>China Construction Bank</td>
<td>47,748</td>
<td>3</td>
<td>20%</td>
<td></td>
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<tr>
<td>14 Retail</td>
<td>Amazon</td>
<td>45,727</td>
<td>3</td>
<td>34%</td>
<td>1</td>
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<tr>
<td>15 Logistics</td>
<td>Amazon</td>
<td>42,747</td>
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<td>15%</td>
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<tr>
<td>16 Regional Banks</td>
<td>China Construction Bank</td>
<td>41,115</td>
<td>2</td>
<td>-1%</td>
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<tr>
<td>17 Retail</td>
<td>Walmart</td>
<td>39,712</td>
<td>3</td>
<td>-8%</td>
<td>-5</td>
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<tr>
<td>18 Retail</td>
<td>Tesco</td>
<td>38,320</td>
<td>2</td>
<td>5%</td>
<td>-1</td>
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<tr>
<td>19 Technology</td>
<td>SAP</td>
<td>34,865</td>
<td>2</td>
<td>34%</td>
<td>3</td>
</tr>
<tr>
<td>20 Credit Card</td>
<td>Visa</td>
<td>27,821</td>
<td>4</td>
<td>24%</td>
<td>9</td>
</tr>
<tr>
<td>21 Technology</td>
<td>Tencent</td>
<td>27,273</td>
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<td>52%</td>
<td>16</td>
</tr>
<tr>
<td>22 Regional Banks</td>
<td>China Construction Bank</td>
<td>26,899</td>
<td>2</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>23 Cars</td>
<td>Toyota</td>
<td>24,487</td>
<td>4</td>
<td>12%</td>
<td>5</td>
</tr>
<tr>
<td>24 Cars</td>
<td>Ford</td>
<td>24,015</td>
<td>4</td>
<td>-2%</td>
<td>-1</td>
</tr>
<tr>
<td>25 Global Banks</td>
<td>HSBC</td>
<td>23,870</td>
<td>3</td>
<td>24%</td>
<td>6</td>
</tr>
</tbody>
</table>

The Brand Value of Coca-Cola includes Lupe, Diet Coke and Sprite. The Brand Value of Colgate includes Dettol Light.
Some of the world’s best selling products were never patented.

• Coke – Trade secret

• Post-it Notes – Trademark
<table>
<thead>
<tr>
<th>Goods and Services</th>
<th>IC 016, US 002 005 022 023 029 037 038 050. G &amp; S: stationery notes containing adhesive on one side for attachment to surfaces. FIRST USE: 19780000. FIRST USE IN COMMERCE: 19780000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Drawing Code</td>
<td>(2) DESIGN ONLY</td>
</tr>
<tr>
<td>Design Search Code</td>
<td>260701 290208</td>
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<tr>
<td>Serial Number</td>
<td>75087575</td>
</tr>
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<td>Filing Date</td>
<td>April 5, 1996</td>
</tr>
<tr>
<td>Current Filing Basis</td>
<td>1A</td>
</tr>
<tr>
<td>Original Filing Basis</td>
<td>1A</td>
</tr>
<tr>
<td>Published for Opposition</td>
<td>September 2, 1997</td>
</tr>
<tr>
<td>Registration Number</td>
<td>2390667</td>
</tr>
<tr>
<td>Registration Date</td>
<td>October 3, 2000</td>
</tr>
<tr>
<td>Owner</td>
<td>(REGISTRANT) Minnesota Mining and Manufacturing Company AKS 3M CORPORATION DELAWARE 3M Center Saint Paul MINNESOTA 551441000</td>
</tr>
<tr>
<td>Assignment Recorded</td>
<td>ASSIGNMENT RECORDED</td>
</tr>
<tr>
<td>Description of Mark</td>
<td>The mark consists of the color canary yellow used over the entire surface of the goods. The matter shown in broken lines shows the position of the mark and is not claimed as part of the mark. The mark is lined for canary yellow and the applicant claims color as the mark</td>
</tr>
</tbody>
</table>
TRADEMARK OWNERSHIP

• Owned by first to use in commerce or first to file an application for federal registration. 15 USC 1057(c).

• Federal registration affords nationwide priority and presumptions of ownership and validity. 15 USC 1057(c).

• Check federal ownership records at United States Patent and Trademark Office website.
• Long term asset – short term liability

• Company names are cleared by the secretary of state. Standard: Is the name distinguishable from other names within that one state?

• Trademarks and service marks are cleared by the U.S. Patent and Trademark Office (for registration) and by the courts (for infringement). Standard: Is the mark confusing similar with any other mark under that country’s laws?
FIVE TYPES OF MARKS

- GENERIC - ESCALATOR
- DESCRIPTIVE - COMPUTERLAND
- SUGGESTIVE - COPPERTONE® SUN TAN LOTION
- ARBITRARY - APPLE® COMPUTERS
- FANCIFUL - KODAK®, EXXON®
COPYRIGHT OVERVIEW

• Any original work of authorship fixed in a tangible medium of expression, e.g. music, photographs, comic strip, novel, movie, software, webpage.
  – Internet images are included.
  – Titles and short phrases are not included.

• Immediate protection upon creation - no registration required.

• Copyright notice (©, year, name) no longer required, but strongly encouraged.

• Duration  – Individual = life of the author, plus 70 years.
  – Company (WMFH) = 95 years from publication or 120 years from creation.
COPYRIGHT OWNERSHIP

• General rule – person that creates the work owns it.

• Work-made-for-hire doctrine -- Employer automatically owns if work is created by employee (Employer is considered the author).

• Impact to business -- Independent contractors own, unless assigned in writing – payment is not enough.

• Impact of open source software on ownership and access.
COPYRIGHT REGISTRATION

• $45 = TICKET TO COURT, ATTORNEY FEES AND STATUTORY DAMAGES UP TO $150,000 PER COPY.

• FORMS AT WWW COPYRIGHT GOV
THE AMERICA INVENTS ACT

• The AIA is the most comprehensive review of American patent law since the 1950s.

• Passed into law in September 2011, the trigger date for most provisions of the AIA was March 16, 2013.
Some of the AIA’s Many Provisions

- First Inventor to File.
- Marking (virtual): Allows marking a product with a reference to a web page instead of the actual patent numbers covering the product.
- Marking (qui tam actions): Eliminates the ability of anyone but the government to sue a manufacturer who marked a product with an expired patent number to get civil penalties. A party who has suffered commercial harm by such marking can still sue, but only for actual damages.
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- 15% increase in patent fees (except for newly created “micro-entity” 75% discount).
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- Advice of Counsel: Provides that failure of an infringer to obtain advice of counsel cannot be used to prove willfulness or induced infringement.
THE AIA’S MOST SIGNIFICANT PROVISION

- Old Law – “first to invent” – limited by a one year grace period for publication, public use, and sale prior to date of filing the patent application.

- New Law – “first inventor to file” - any publication, public use, or sale of the invention by a third party before the filing of the application bars all patent rights. (Applicant still has one year grace period for his/her disclosures).

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LARGER UNIVERSE OF PRIOR ART

• The AIA increases the universe of prior art since application filing date is the prior art trigger instead of invention date.

• No more 131 Declarations to “Swear Behind”.

X
A Invents

Y (less than 1 year)
B’sPrior Art Published

Z
A Files Application
**THE RACE TO THE PATENT OFFICE**

<table>
<thead>
<tr>
<th>W</th>
<th>X</th>
<th>Y</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Invents</td>
<td>B Invents</td>
<td>B Files</td>
<td>A Files</td>
</tr>
</tbody>
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MODIFIED FEES UNDER THE AIA

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Five Types of Marks

- Generic - Escalator
- Descriptive - Computerland
- Suggestive - Coppertone® Sun Tan Lotion
- Arbitrary - Apple® Computers
- Fanciful - Kodak®, Exxon®

Copyright Overview

- Any original work of authorship fixed in a tangible medium of expression, e.g. music, photographs, comic strip, novel, movie, software, webpage.
  - Internet images are included.
  - Titles and short phrases are not included.
- Immediate protection upon creation - no registration required.
- Copyright notice (©, year, name) no longer required, but strongly encouraged.
- Duration  – Individual = life of the author, plus 70 years.
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