Intellectual Property

• Intellectual property refers to creations of the mind: inventions; literary and artistic works; and symbols, names and images used in commerce.

• Methods of protection:
  – Contracts
  – Patents/Trade Secrets
  – Trademarks
  – Copyrights
Types of Protection

• Patents
  - Inventions:
    * Processes/Methods
    * Machines/Devices

• Trade Secrets
  - Confidential information that has economic value:
    * Formulas
    * Customer lists
    * Manufacturing processes
Types of Protection

- **Trademarks**
  - Source indicators – business asset used in commerce

- **Copyrights**
  - Expressions of Ideas:
    * Writings
    * Music
    * Art Works

- **Contracts**: confidentiality, employee, etc.
Patents
Types of patents

• Utility patent protects functional features of invention.
  – 20 year term from filing
  – Compositions, devices, techniques, processes, new combinations, software, new uses of an old thing

• Design patent protects the ornamental design
  – Filed before May 13, 2015: 14 years from date of grant
  – Filed on/after May 13, 2015: 15 years from date of grant
Types of patents
Patents: Prior Art

• Common mistake: many inventors assume that just because they cannot find a product containing their invention for sale in a store or available online, their invention must be novel.

• The reality is very different.

• Many (most) inventions never become products, yet there may be evidence of them somewhere in the prior art.
Patenting procedures

• Inventions and patents are assets – can be sold, licensed, transferred, inherited, etc. and generate value

• Initial agreements between partners must account for all of the intellectual property – “before there is anything to fight about”
Patenting Considerations

• **What** has been invented and what is the stage of development?

• **When** and how was it invented?

• **Who** invented it?

• **Who** is going to own it? Commercialize it?
Patents: What?

• What is the “invention”?  
  – Composition, process, device, apparatus, software program, system, etc.  
  – How far along is the development?  
    • Idea  
    • Sketches  
    • 3-D Model  
    • Working Prototype  
    • Scaled up manufacturing  
    • Commercially viable embodiment
**Patents: When?**

- Patent application must be filed before any “public disclosure” of the invention, once it is ready for patenting.
  - U.S. has a 1-year grace period for the *inventor’s own* disclosures
  - Foreign countries do NOT have a grace period
  - “Public disclosure” does not mean broad dissemination – even a single non-confidential discussion can count as a public disclosure
  - Use of confidentiality agreements early in process is key
Patents: Who?

• First *inventor* to file system.
• Patent awarded to *first inventor* to file a patent application for the claimed invention.

• What does it mean to be an “*inventor*”?  
• What does it mean to be “*first*”?  

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Patents: Inventorship

• “Inventorship” is a term of art having a defined legal meaning in patent law – it is a question of law.
• Not everyone who contributes to the invention qualifies as an inventor.
• Inventorship can be “sole” or “joint”
Inventorship & Ownership

• In the U.S., patent rights initially vest in their human inventors.

• Who will own the invention? The individual? The company?
  – Only “people” can be inventors and title originally vests in the inventor(s).
  – Companies and organizations must obtain a formal assignment to obtain title to the invention.
Patent Ownership Primer

• When drafting agreements relating to employment, confidentiality, partnership, research, manufacturing, etc., need to be cognizant of IP provisions and the proper approach to establishing a clear chain of title.
Patent Ownership Primer

• In the U.S., **mere employment** is NOT sufficient to vest title to an employee’s invention in the employer. Stanford v. Roche 563 U.S. 776 (2011)

• Employment agreements should include express provisions clearly addressing ownership of employee-created IP.

• The same approach should be taken for independent contractors, etc.
Employment Agreements

• Employment agreements should always have a *present assignment* of inventions.

• A formal assignment should also be executed and recorded once a patent application has actually been prepared to provide notice to third parties.

• Record within 3 months, otherwise can run into a BFP situation.
Employment Agreements

Broadly define “inventions” in the employment agreement to include those things developed pursuant not only to the employee’s job description, but also inventions developed that relate in any way to the employer’s business or other interests.
Employment Agreements

Caveat - State-specific requirements:

• Several states, including Kansas (KSA 44-130) have labor laws addressing the assignment of inventions.

• Cannot purport to “pre-assign” an employee’s inventions to the company under certain circumstances – such assignments are void and unlawful.
Employment Agreements

KSA 44-130 (paraphrased):
(a) Cannot require an employee to “pre-assign” an invention for which no equipment, supplies, facilities or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless:

(1) The invention relates to the business of the employer or to the employer's actual or demonstrably anticipated research or development; or

(2) the invention results from actual work performed by the employee for the employer.
Other Pitfalls

“Work for hire” – This language is sometimes used erroneously in employment agreements with respect to inventions. It is specific to copyright and does not apply to patent law.

There is, however, a “hired to invent” type doctrine, as well as a “shop rights” doctrine that may help a company successfully argue ownership, even where no specific employment provisions are present.
Other Pitfalls

• “Hired to invent” does not apply to general employee job descriptions. It must be a specific task and the facts must make it unmistakably clear the person was hired to achieve a specific result.

• “Shop rights” does not give the company patent-type rights. It’s traditionally viewed as simply a license to practice the invention.
Inventorship & Ownership

• **Ownership**
  – Control of the IP, subject to any encumbrances
  – Can be joint or sole ownership

• **License**
  – The right to use the IP (typically granted by contract)
    • **Exclusive License**
      – Licensor agrees to not provide licenses to any third party.
    • **Non-Exclusive License**
      – Licensor reserves the right to provide licenses to third parties, or reserves the right to practice the invention itself.
Trade Secrets
Agreements: Confidential Information

HOT TOPIC – Defend Trade Secrets Act (DTSA)

- Signed into law May 11, 2016
- Creates new **federal** civil cause of action for misappropriation of trade secrets
- Parallels the Uniform Trade Secrets Act
- Does not displace or preempt state law claims
- 3 year statute of limitations – runs from when misappropriation discovered or should have been discovered
Agreements: Confidential Information

Defend Trade Secrets Act (DTSA)

• DTSA creates official “whistleblower immunity” and a requirement that employers notify their employees (and consultants or contractors) of the existence of this immunity.
  – Failure to comply impacts damages that may be available

• Provision required in all agreements or amendments entered into on or after May 12, 2016
Agreements: Confidential Information

Defend Trade Secrets Act (DTSA)

• Notice of Immunity Requirement

(1) IMMUNITY.—An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—

(A) is made—

(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and

(ii) solely for the purpose of reporting or investigating a suspected violation of law; or

(B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
Agreements: Confidential Information

Defend Trade Secrets Act (DTSA)

• Notice Requirement
  – Employers are required to provide notice of this immunity “in any contract or agreement with an employee that governs the use of a trade secret or other confidential information”
    • Nondisclosure agreements
    • Employment agreements
    • Independent contractor agreements
  – Any contract entered into or updated after May 11, 2016.
Trademarks

- Assets of a Business – Both as property and as goodwill
  - family of marks
  - slogans
  - designs/icons
  - product configuration
- Marked item must be *used in commerce*
Trademarks

• TM symbol should be used with **all** trademarks whenever possible.
  – TM may be used for **any** mark in commerce.

• Registration symbol (®) should always be used for registered trademarks.
  – Removes defense of innocent infringement
Trademark Protection

• Trademark Rights Acquired Through *Use of the Mark in Commerce*
  – Common law rights
  – Can use the ™ symbol
  – Limited to geographic region in which mark is used
  – Enforcement through state common law usually via unfair competition statute
Trademark Protection

• Federal protection/registration – Benefits
  – others will find Mark in conducting a search
  – gives rights to use the mark throughout the United States except as against prior users in their areas of use, regardless of owner-registrant’s actual area of use;
  – after five years exclusive and continuous used mark and its registration are incontestable*; and
  – constructive notice nationwide of the trademark owner's claim
Trademark Protection

- Federal protection – Benefits (continued)
  - Evidence of ownership of the trademark
  - Jurisdiction of federal courts may be invoked
  - Registration can be used as a basis for obtaining registration in foreign countries
  - Registration may be filed with U.S. Customs Service to prevent importation of infringing foreign goods
  - Domain Name rights - Ability to receive special rights with regard to domain names
Picking a “good” trademark

• Trademarks Must be Distinctive
• Inherently Distinctive Marks
  – Fanciful: no other meaning than its meaning as a trademark [STARBUCKS, LEGO, VERIZON]
  – Arbitrary: words with separate meaning, but nothing to do with the associated product/service [APPLE, SPRINT]
  – Suggestive: suggest a characteristic of a good or service without actually describing that characteristic. [COPPERTONE, CITIBANK, GREYHOUND]

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Trademark Procedure

• What if you’ve picked out a great trademark, but aren’t yet actually using it?
• An intent-to-use application may be filed with the USPTO to “reserve” the mark without first making use of the mark
• Proof of actual use is required before the registration will be issued
Federal Trademark Protection

Duration – How long does a federally registered TM last?

Potentially *forever* if:

(a) continuous use exists;
(b) mark does not become a generic description of the product;
(c) maintenance between 5th & 6th year of registration;
(d) renewals are filed every 10 years;
(e) all licensing of the mark is done with quality control; and
(f) there is no acquiescence to infringement.
Trademark Hot Topic

• Registration of “disparaging” marks (e.g., Redskins)

• USPTO denied registration to “The Slants” (Asian-American band)
  – Federal Circuit (en banc) has struck down the Lanham Act section (2(a), 15 USC 1052) on disparaging marks as violating the 1st Amendment
  – USPTO has appealed to the U.S. Supreme Court
  – Cert granted September 2016.
COPYRIGHT
Copyrights

Copyrights exist upon creation; benefits of federal registration

- Anything that contains creative expression, i.e. advertisement, software, website, movies, songs
- May immediately use the copyright notice, i.e. © 2017 HOVEY WILLIAMS LLP
REQUIREMENTS FOR COPYRIGHT PROTECTION

• Work of original creative authorship
• Fixed in a tangible form of expression from which it can be perceived, reproduced, or otherwise communicated, directly or with aid of a device
Copyright Protection

• Unregistered Copyright
  – Author owns immediately
  – Work for hire – commissioning party considered “author”

• Registered Copyright
  – Author or owner may register copyright to avail itself of statutory rights
    - Ability to sue for infringement
    - Statutory Damages (Requires Timely Registration)
      • Up to $30,000/infringing work
      • Up to $150,000 for willful infringement of work
      • Attorneys’ fees/legal expenses
Ownership

• **Work for hire**
  
  – Employer owns copyrights of employees if work was prepared “within the scope of employment”
  
  – Employer does *not* automatically own copyrights for work created by independent contractors, even if employer paid for the work
  
  – If not employer/employee relationship, must obtain a *written* “Work for Hire Agreement” and must fall within statutorily enumerated categories
  
  – Otherwise, must obtain outright assignment
Work for hire - Pitfalls

• Works made by an employee within the course of employment; OR

• Works specially ordered pursuant to a **signed** **written** work for hire agreement **AND** if the works are in **eligible categories**
Work for hire categories (17 USC § 101)

• contribution to a collective work
• part of a motion picture or other audiovisual work
• a translation
• a supplementary work
• a compilation
• an instructional text
• a test or answer material for a test
• an atlas
Work for hire

• In drafting contracts that include assignment clauses, do not make the mistake of calling a creation a “work for hire.”

• **Best practice:** Provide for a *present* assignment of the material to be created. (“…does hereby assign…” and NOT “promises to assign”)

• Exemplary pitfall: Assumption that hiring a software developer to develop your website is a work for hire…guess who owns the copyright on your website??
Duration of Copyright

• For individual authors, a copyright persists for the author’s life plus seventy years for works created on or after January 1, 1978.

• For works made for hire, anonymous and pseudonymous works, the duration of copyright will be 95 years from publication or 120 years from creation, whichever is shorter.

• For works created prior to January 1, 1978, the duration of copyright may vary depending upon when the work was created and/or published.
Any Questions?

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Thank You!

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