

# Intellectual Property Under US Law

Young Basile  
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## Overview

- Types of IP
- Acquiring
- Protecting
- Commercializing
- Enforcing



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## Types of IP

- Patent
- Trademark
- Copyright
- Trade Secret



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## Patent

- Protection for “useful inventions”
- Limited monopoly to “make, use and sell”
- 20 years from the date of filing
- Inventions must be “new and nonobvious”
- Cost is approximately \$10,000 to \$15,000
- Country-by-country

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## Trademarks

- Trademarks are brands for goods or services
- Right to prevent use of confusingly similar mark on the same or related goods or services
- Registration is available when the mark is “used in commerce” or when there is an “intent to use” in commerce.
- Cost of registration is about \$1500



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## Copyrights

- Protect “works of authorship” such as books
- Right to prevent copying, distribution, modification, public display and public performance
- Rights last 70+ years

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## Trade Secrets

- ❑ Information, including a formula, pattern, compilation, program, device, method, technique, or process
- ❑ Derives independent economic value, actual or potential, from not being generally known
- ❑ Is the subject of reasonable efforts to safeguard secrecy
- ❑ Criminal penalty for stealing.

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## Acquiring

- ❑ Develop internally or using contractor
- ❑ Develop using partner
- ❑ Purchase
- ❑ License

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## Develop Internally/Contractor

- ❑ Work Made for Hire Doctrine states that employers are the “authors” of employees’ work
- ❑ Work Made for Hire applies only to copyright and in most cases does **not** apply to contractors
- ❑ In all cases, have agreement requiring assignment of patents and confidentiality of trade secrets

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## Develop Using Partner

- ❑ Joint Ownership means either partner can use without accounting to the other.
- ❑ Joint Ownership is very problematic
- ❑ Need agreement to govern registration, licensing and enforcement of jointly-owned IP
- ❑ Cannot jointly own a trademark (it will be invalidated)

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## Purchase

- ❑ Carefully assess title (does seller really own?)
- ❑ Lien search at both state and federal level
- ❑ Bankruptcy risk: Fraudulent Conveyance
- ❑ Check for conflicting contractual claims
- ❑ Must record in USPTO/Copyright Office

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## Purchase (continued)

- Assign right to sue for past infringement
- Assign “goodwill” for trademark
- Copyright transfers after 1978 are revocable

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## License

- Use caution with “open source” software
- Bankruptcy risk: repudiation under 365(n)
- Licenses are non-transferable unless otherwise stated
- Sublicensing not permitted unless otherwise agreed
- Check prior liens for exclusive license (they may have priority over your license)

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## Patents

- One year statutory bar
- Only inventors may apply (then they assign the application to their company)
- Duty of disclosure
- Best mode requirement
- Marking requirement

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## Trademarks

- Use alone can establish US trademark rights
- Need to do clearance study before you start use
- Intent-to-use application allow you to reserve a mark

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## Copyright

- Works are automatically protected
- Registration provides important benefits
- Notice (c) helpful but not necessary
- Helpful resource: [www.copyright.gov](http://www.copyright.gov)

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## Trade Secrets

- ❑ Imperative that your disclosures be under an non-disclosure agreement
- ❑ Must use reasonable measures to protect information including physical security

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## Commercial Models

- ❑ Exclusive vs. Nonexclusive
- ❑ Field limitations
- ❑ Initial License Fee
- ❑ Royalty Metric (e.g. unit, revenue)
- ❑ Minimum Annual Royalties
- ❑ Territory

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## IP Issues

- Improvements (who owns)
- Sublicensing (how to account for royalties?)
- Enforcement (who controls)
- Quality Control (required for trademark)

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## Liability Issues

- Express and Implied Warranties
- Limitation of Liabilities
- IP Indemnities
- Tort Indemnities
- Preferences in Bankruptcy

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## Antitrust Issues

- Covenant Not to Compete (not in California)
- Tying
- Misuse
- Resale Price Maintenance

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## Picking the Venue

- Federal Court (patents, trademarks, copyrights)
- State Court (contracts, trade secrets)
- International Trade Commission
- Arbitration

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## Preparing the Case

- Pre-filing investigation
- Demand letter
- Registration
- Statute of limitations (6 years)

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## Litigation Process

- Filing of Complaint
- Answer
- Motion Practice
- Discovery
- Markman Hearing
- Trial
- Settlement

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## Remedies

- Money Damages (royalties/profits)
- Injunction
- Impoundment
- Attorneys fees
- Double or treble damages
- Criminal penalties

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## Defending a Claim

- Clearance Studies (avoid claims)
- Opinion of Counsel (avoid a finding of willful infringements)

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## Conclusion

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