





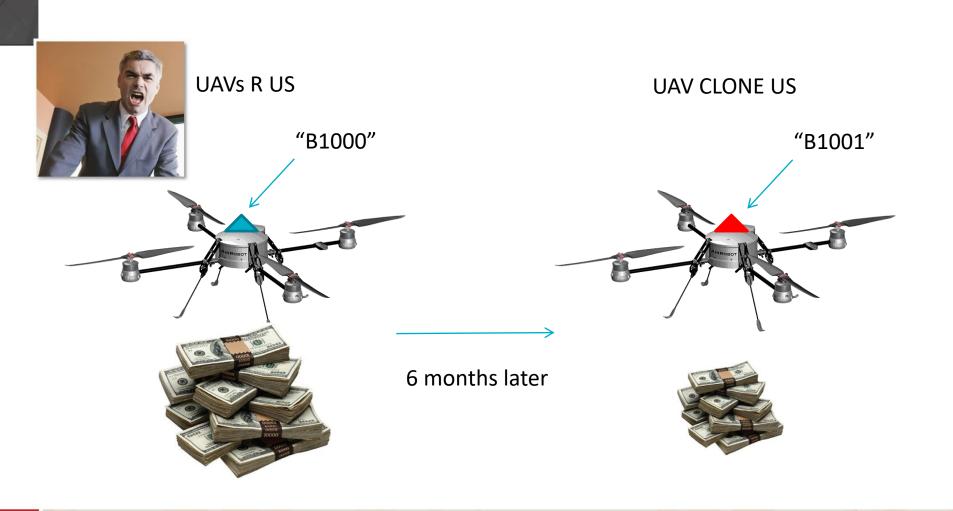


Setting Up IP in Small Legal Departments

Presented by:

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Why bother with IP?





Missed IP protections

Manufacturing machine



Product

Name

B1000

Software



Design

(ornamental)

Data

Suppliers Customers Pricing

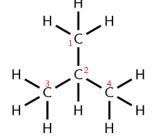
Method

Step 1: Cut metal

Step 2: Activate flux capacitor

Step 3: Paint metal

Material

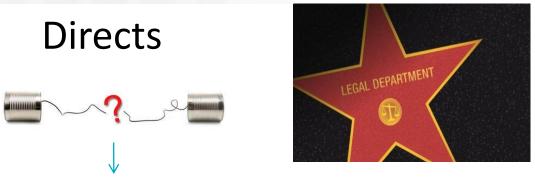


What went wrong?





Protects







- Don't know they should
- Don't know how
- No incentive

Where else it could go wrong

New employee

Current employee

Former employee

Surprise!

Can we fix that?

- Establish Intellectual Property Program
 - Commitment to IP by management
 - IP Policy
 - Protecting your own IP
 - Respecting IP rights of others
- Implementation
- How to handle external threats

Implement your IP program

S1: Get management on board

S2: Set up internal protocols

• S3: Rollout

Get management on board

Education

- Protect market.
- Slow/stop competitors.
- Marketing tool.
- Potential revenue stream.
- Defensive nukes.

Commit to resources

- Patents: \$\$\$, time, specialist
- Trade secret: \$\$/\$, vigilance
- -TM/®, ©:\$





Start with Written IP Policy*

- Know your culture
- Articulate the value of IP to the company
- Provide policies for the use, management, and generation of IP
- Provide agreements regarding IP ownership
- Emphasize lawful use of other's IP

Install mechanisms for compliance

Appendix

Articulate the value of IP to the company

- Intellectual Property ("IP") is an area of substantial importance to the COMPANY. The purpose of defining this IP policy is to:
 - encourage the generation of IP by employees and other relevant parties;
 - to ensure the COMPANY'S IP rights are owned by the COMPANY;
 - to ensure the COMPANY'S IP rights are not misused; and
 - to prevent against misuse of IP by employees and other relevant parties engaged by the COMPANY.



The Daily Grind



Trademarks generally

- Trademarks identify a source
- They are often the most valuable asset the company owns
 - The goodwill of the company is often tied directly to the trademark
- Therefore it is a critical for in house legal to ensure proper use, and to help select strong marks.





Trademark - selection

- Before use of new mark, contact legal
- 'Clear' use of new brand name, service name, label, etc.
 - Specialist
 - Searching is tempting to skip, but it is relatively inexpensive, and can save a lot in the long run
 - Ask for multiple options
 - Risk tolerance
 - The earlier legal is consulted the easier it is to adjust course

Trademark - usage policy

- Define appropriate uses of your trademarks for internal users and third parties
 - Consistent usage
 - Identify the mark
 - ™ Unregistered marks
 - ® Registered marks
 - Make mark stand out
 - Different color, text size, capitalization, etc.
 - Use mark as an adjective qualifying a noun
 - send by FEDEX courier NOT send a FEDEX



Trademark - policing

- Hire a vendor to automatically monitor applications for registration of your mark
- Especially if you are a B2C business, engage your customers via social media
 - Your customers will report possible violations on their own
- Internal policy of bringing improper uses to the attention of legal

Trademark - loss of rights

- Watch out for:
 - Improper use
 - Genericide
 - Non-use
 - Failure to police
 - Improper assignment or licensing

Trademark-docketing

- Trademarks come with a high administrative burden, but most of the administration can be easily passed to outside counsel.
- Minimum in-house management:
 - Record next due date in spreadsheet and calendar
- All in approach:
 - Several vendors provide docketing systems to track dates, and even allow outside counsel to enter the data for you



- Trademarks must be used for all goods or services for which the mark is registered.
 - Helpful to collect example uses of mark to prove use when needed.





Trade Secrets- generally

Spying

Former employee

New employee

Joint Development

Trade Secret – policy

- ...technology and inventions may be in various states of development, including anywhere from oral concept discussions, schematics, test beds, prototypes, etc.. Such technology ...ABC-Corp considers all such technology and information to be trade secret, and thus Confidential Information.
- Employees may not discuss, disclose, distribute, or disseminate to any third party the Confidential Information ... until such time as ABC-Corp may authorize its release to the public ... These obligations shall survive any employees' departure from ABC-Corp.

Trade Secret - protection

Identify key trade secrets

- Keep them secret (multi-layer, reasonable)
 - Restricted access
 - Physical security
 - Employment contracts and NDAs

Trade Secret - third party

- See up a plan for compliance
 - Limit access to third party trade secrets
 - Ensure third party trade secrets are used as contemplated by agreement.
 - Be prepared to return any documentation of the trade secret
 - In some cases, you might need to show independent development of a technology that did not rely upon third party trade secret
- Don't agree to terms in an agreement that you can't comply with

Trade Secret - sharing

- Your company may need to share portions of its trade secrets with a third party partner.
 - Make sure to identify the material as including a trade secret and not merely confidential information.
 - Carefully craft the agreement to provide no greater use of the secret than needed



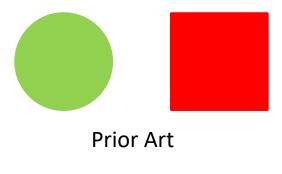
Joint Development Agreements

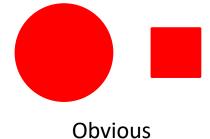
- In addition to defining the Intellectual Property you are bringing into the collaboration it is essential to carefully think through ownership of jointly developed IP.
 - Who should own?
 - How will disputes be handled?
 - Will both sides own or have rights?



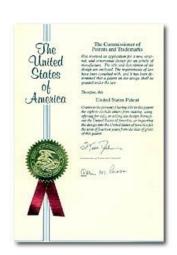
Patents - generally

- Novel (new)
- Nonobvious
 - More than routine combination of "prior art"











Patents – Contracts/Policy

- Ownership of Intellectual Property; Assignment of Inventions.
 - Any Invention that Employee, either alone or with others makes, discovers, devises, conceives, reduces to practice, or otherwise possesses while employed by Company <u>Employee further agrees to assign</u>, and does hereby irrevocably assign..
 - Additionally, both while employed by Company <u>and</u> <u>afterwards, Employee agrees to execute and deliver</u> at Company's expense any documents that Company may reasonably consider necessary or helpful to ...
 - Identify what is "theirs" before they start

Patents – identifying inventions

- Have inventions come to you:
 - Distribute invention disclosure form*
 - Educate employees of importance of IP
 - Incentivize invention submissions through:
 - Rewards, recognition, etc.
- Go find inventions:
 - Talk with managers involved with new products or releases
 - Read your marketing materials
 - Search document management systems for information
- Use outside counsel for patent mining, secondments, audits.

Patents – deciding what to file

- Cost
- Decide on evaluator (owner, committee, GC, expert, etc.)
- Criteria to evaluate inventions
 - Important to company?
 - Relevant to market?
 - Could you detect copying?
 - Can the invention be avoided?
 - Search?
 - Better as a trade secret?

Patents – internal management

- Rely on outside counsel
- In-house:
 - (Min) Assign each application an identifier: P1,
 P2, etc.
 - (Mid) Record next due date in spreadsheet and calendar
 - (All in) Several vendors provide docketing systems to track dates, and even allow outside counsel to enter the data for you



Open Source Software

- Common use of "open source"
 - Software that is licensed:
 - To the public
 - In source code form
 - Under a standard royalty-free license that permits
 - Use, inspection, modification, and re-distribution

Open Source Software

- Designing an open source policy
 - Two pieces
 - In-bound: associated with using open source software
 - Out-bound: associated with contributing to the open source community

Open Source Software

- Designing an open source policy
 - Identify your motivation
 - Why re-create? Just re-use
 - Help maintain
 - Good open source participants
 - Retain and attract talent
 - Promote your platform

Potential in-bound issues

IP	Issues
Trade Secrets	None
Copyrights	Ownership when multiple contributors
Trademarks	Generally not licensed
Patents	What rights are you receiving? Can those rights terminate? If so, when and how?

- Designing an in-bound open source policy
 - <u>Key</u>: understanding what triggers open source license requirements
 - How are you going to define acceptable uses
 - How are you going to communicate policies
 - How are you going to learn about use
 - How are you going to track use
 - How are you going to provide notice

Potential out-bound issues

IP	Issues
Trade Secrets	Gone upon release
Copyrights	Ownership when multiple contributors
Trademarks	Existing 3 rd party trademark rights?
Patents	What rights are you granting?

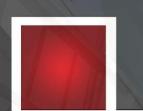
- Designing an out-bound open source policy
 - Who is responsible for approving?
 - How do you learn about out-bound contributions
 - What types of contributions are okay: existing vs. new projects
 - Ownership (company vs. employee)
 - Balancing open source and patents
 - Do you establish a default license?



Rollout the Message



- Group/Company Presentations
- Brown Bags
- Intranet Portal
- Email Blast
- New Hire Orientation
- Security Training



Message: let legal know about

Manufacturing machine



Product

Name

B1000

Software



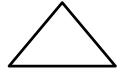
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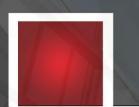
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Design (ornamental)

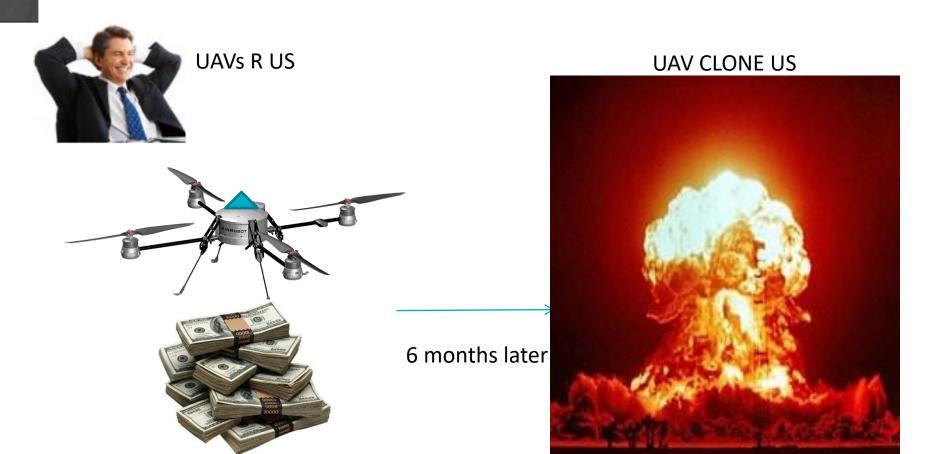


Material





The Wake Up Scenario, Round 2



Asserting IP Rights - Trademark

- Fully investigate offending use
 - Is it causing confusion?
 - Want it gone to keep your brand strong?
- What do you want to have happen?
 - Stop use
 - Stop registration
 - License
- What is your strategy
 - Opposition/Cancelation action at TTAB
 - Negotiate
 - Trademark Infringement Lawsuit

Asserting IP Rights - Patents

- What do you want to achieve?
 - Injunction?
 - Damages? (is it worth it?)
- Investigate (prove your case)
- Are you prepared to risk your patent?
- Are you prepared to face counter claims?
- Are you prepared for the cost?
- Negotiate
- Patent Infringement Lawsuit



Playing Defense



UAVs R US



UAV CLONE US



Playing Defense, Round 2



UAV CLONE US



Patents - acquisition and licensing

- A good option for building a defensive patent position
 - Acquisition is often at cost of prosecution... most of the value, less risk, same cost.
 - Licensing and cross licensing can take large portfolios of patents off the table as possible threats
 - Make sure the license runs with the patents if they are sold.

Defending against IP threats

- Determine potential impact
- Inform management
- Interview and hire outside counsel
- Would you be willing to settle?
- Can you design around the patent, can you discontinue use of TM?
- Identify and enlist internal experts
- Non-infringement opinions
- Review your IP for possible counterclaims







Panelists

- Gideon Myles, Dropbox
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- Laura Jones, Avaya
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Appendix: IP 101

- IP Basics short overview
- Scenarios and strategies
- Some other insights to consider

Intellectual Property

- What is IP?
- Brands (trademark)
- Original expressions (copyright)
- Inventions/discoveries (patent)
- Specific forms of secrets (trade secret)

- Lanham Act (15 USC)
 - trademark registration (before or after use in commerce)
 - goods or services linked to the mark
 - goods or services with mark as used in commerce

- Lanham Act (15 USC) exceptions:
 - Merely descriptive or deceptively misdescriptive
 - Geographically descriptive (with exceptions)
 - Primarily geographically deceptively misdescriptive
 - Primarily merely a surname
 - Comprises any matter that, as a whole, is functional

- Word, phrase, symbol or design
- Source identifying function
- Generally, a brand

- Different types of marks for different purposes
- Service mark
- Trademark
- Certification mark
 - Consorzio del Formaggio Parmigiano-Reggiano
 v. Rienzi & Sons, Inc. (NDNY 1999)



- Trademarks protected at state, federal and international levels
- Rights exist when mark is "used"
- Different protections are offered in exchange for formally registering a mark
- Six (6) months from domestic filing to leverage U.S. priority for filing

- 17 USC § 102(a)
 - Statutory categories
 - "works" fixed in a tangible medium
 - "original works of authorship"

- 17 USC § 102(b), but:
 - "In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."
 - Hart v. Dan Chase Taxidermy Supply Company, Inc. (2nd Cir. 1996)

- Literary, musical, dramatic, and choreographic works
- Pictorial, graphic or sculptural works
- Includes images and audiovisual works
- Original to the creator
- Generally, expressive content

- Different types of copyrightable works for different forms of expression
- Books, articles
- pictures
- Movies
- Sculptures



- Works protected under common law, federal and international levels
- Rights exist when work is "fixed in a tangible medium"
- Different protections are offered in exchange for formally registering a work

Patents

- 35 USC § 101
 - "whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof"

Patents

- 35 USC § § 102, 103, 111, 112
 - Must be novel
 - Must be non-obvious
 - Must be sufficiently described

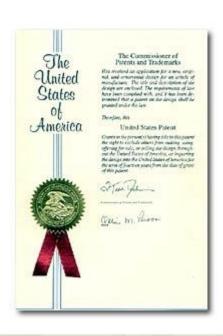
Patents

- Utility
- Design
- Plant
- First to file
- Generally, inventions and discoveries
 - Caterpillar v. International Truck & Engine (2003-2006)

Process

- Contact Patent Attorney w/ new idea
 - Must file US w/in 1 year of use, sale, offer for sale, publication, etc.. (Grace Period)
 - Must file Foreign before. (No Grace Period)
- 4-6 weeks: Draft and file patent application
- 1 year filing anniversary: Foreign file
 - **\$**\$\$\$
- 2-4 years: Negotiate with Patent Office
- => Patent granted (or give up)
- 20 Year from filing term







- Inventions protected under federal and international laws
- Different protections are offered in exchange for formally filing a disclosure about the invention

Trade Secrets

■ 18 USC § 1839

 "all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing"

Trade Secrets

- 18 USC § 1839, if:
 - Owner takes "reasonable measures to keep such information secret" and
 - "the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means ..."

Trade Secrets

- Defend Trade Secrets Act of 2016
- Proprietary, commercially valuable, information
- Technologies not protectable by patent
- Generally, secrets

Trade Secrets

- Different types of business information for different aspects of secrets
- Confidential manufacturing process
- Formulae
- Customer lists
- Business plans/strategies



- Trade secrets protected under state and federal laws
- Rights exist when information is not generally known
- Efforts are reasonable under the circumstances to maintain secrecy



Open Source: How is it different than traditional software?

- common use of "open source"
 - software that is licensed:
 - to the public
 - in source code form
 - under a standard royalty-free license that permits
 - use, inspection, modification, and re-distribution



Open Source: How is it different than traditional software?

- proprietary (commercial, traditional) software:
 - distributed under a license agreement
 - permits use of the software
 - does not permit
 - inspection,
 - modification, or
 - re-distribution



Open Source: How is it different than traditional software?

Open source licensing	Proprietary software licensing
licensed to general public under standard, non-negotiable licenses	licensing terms may be negotiable and vary by provider, customer, product, and use
source code provided and licensed for source or binary use	binary provided and licensed for binary use
licenses generally permit modification (subject to conditions)	licenses typically prohibit reverse engineering and modification
licenses generally permit royalty-free redistribution (subject to conditions)	licenses typically prohibit or impose royalty fees on redistribution
licenses generally include explicit disclaimers of warranty and liability	licenses may include warranties and indemnification
ownership may be distributed among multiple contributors	ownership typically single entity



Open Source Licensing: Two Philosophies

- "open source software" | 10 license criteria
 - Open Source Initiative (<u>opensource.org</u>)
 - license must be royalty-free, cover source code, permit copying and distribution, and cannot discriminate against persons, groups, uses or technologies
- "free software" | the "Four Freedoms"
 - Free Software Foundation (<u>fsf.org</u>)
 - license must grant right to run, copy, distribute, and modify



- permissive
- copyleft



- permissive
 - "attribution" licenses
 - give me credit
 - if you distribute, provide notice
 - examples: BSD, MIT, Apache
- copyleft

- permissive
- copyleft
 - reciprocal or hereditary
 - if you distribute, use the same terms and provide source code
 - applies to software combined with the copyleft software
 - "tainting" effect

- permissive
- weak-copyleft
 - give me changes
 - if any code in a library is weak-copyleft, all must be
 - can dynamically link to proprietary code
 - examples: LGPL, MPL, EPL
- strong-copyleft
 - give me everything
 - if any code in a program is strong-copyleft, all must be
 - no linking to proprietary code
 - examples: GPL, AGPL, Creative Commons Share-Alike (CC *-SA-*)

permissive

- give me credit
- examples: BSD, MIT, Apache

weak-copyleft

- give me changes
- examples: LGPL, MPL, EPL

strong-copyleft

- give me everything
- examples: GPL, AGPL, Creative Commons Share-Alike (CC *-SA-*)

prohibitive

- forbid specific uses
- Examples:
 - Creative Commons Non-Commercial license (CC *-NC-*) prohibits commercial use
 - Oracle Binary Code License Agreement prohibits modification or use on dedicated hardware
 - Microsoft Limited Public License (MS-LPL) prohibits use on non-Windows platforms
 - JSON license prohibits using the software for evil

Challenges

- Serve business objectives
- Make sound legal decisions
- Manage costs



- Businesses don't have legal problems;
 businesses have business problems
- Businesses don't have IP issues; businesses have business problems



- How to manage IP creation
- Control cost of formal IP protection
- Consider steps to avoid IP litigation

IP Generally

- Always a tradeoff
- Define issues for today; consider future needs
- Self-help document your IP
- Key differentiators for business help to define IP strategy

Tradeoffs

- Value to company vs. cost of procurement
- Short term vs. long term
 - Trademarks (immediate, near term, long term)
 - Patents (industry specific; generally long term)
 - Copyrights (both short and long term)
 - Trade Secrets (both short and long term)

Issues for Today/Tomorrow

Patents

 For startups, long term except if there is a "marketing" advantage that outweighs cost

Trademarks

- Relatively inexpensive, minimal downside on a cost basis
- Copyrights/Trade Secrets
 - Prevents direct copying of public info/protects nonpublic info; but enforcement comes at a cost



- Trademarks
- Costs and channels when using mark
- Continually gather evidence of distinctiveness

Document your IP

- Patents
- People involved with development
- Detailed notes about advancements and setbacks during development

Document your IP

- Copyrights
- People involved with creation
- Dates and variations
- Publication how was the work used/promoted and where

Document your IP

- Trade Secrets
- People involved the creation and improvement of the "secret" information
- Dates and variations
- Costs incurred and secrecy efforts



- Document IP rights
- Understand potential issues at early stages of hiring
- Exit interview to confirm understandings
- Non-disclosure agreements



- Patents time consuming and expensive
- Trademarks reasonably affordable and less time consuming
- Copyrights inexpensive and fairly quick
- Trade Secrets reasonably affordable



Software is eating the world

- Open Source Software
- Subject to license restrictions
- Decisions need to be made before using open source



- http://choosealicense.com/licenses
- Investors consider open source software in company's tech stack
- Less restrictive licenses like Apache 2.0 helpful depending on how software used/incorporated

Non-litigation patent tools

- Post-grant challenges
 - Expensive and time consuming
 - Less expensive than litigation
 - IPR, CBM, PGR, ex parte reexamination
 - PGR only certain patents and within 9 months of issue date

Non-litigation trademark tools

- Opposition proceedings
 - Challenge trademark before registration
 - expensive
- Cancellation proceedings
 - Challenge trademark after registration
 - Expensive
 - LuckyU Enterprises, Inc. v. John "Giovanni" Arragona (2017)
- Intent-to-use trademark applications

Takeaways

Document IP (self-help/low cost)

Manage tradeoffs to manage IP costs

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