Intellectual Property for Startups: Making It Work

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Presented By

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We Identify, Evaluate, Protect and Enforce Intellectual Property Rights
Largest IP-Only Law Firm Based In New England

- 200+ IP professionals and staff
- 94 Attorneys and technology specialists
- 88% Degree in science/engineering
- 66% Ph.D., M.D., Advanced degree
- 57% Prior industry experience
- 3,316 Patents filed in 2013
- 85+ Years serving clients
Protection in Over 130 Countries

- Most patents and trademarks filed by any New England-based law firm
Technology Areas

- chemical and materials
- nanotechnology
- mechanical and sports
- cleantech
- biotechnology
- pharmaceuticals
- medical
- electrical and computer

And intergroup teams
Representative Clients

that was easy.
Protecting IP on a Budget

- Different forms of IP:
  - Trademarks
  - Copyrights
  - Patents
  - Trade secrets

- Agreements
  - Employee Agreements
  - Non-Disclosure Agreements

- Studies: clearance/freedom-to-operate
Trademarks: What Is Protectable Anyway?

- Word - APPLE
- Name – TORY BURCH
- Symbol
- Design
- Slogan - JUST DO IT.
- Distinctive sound
- Color
- Product shape
- Scent

...which identifies and distinguishes goods and services of one seller/manufacturer from those of another
Why Are Trademarks Important

- Valuable corporate asset – brand equity
- Represent “brand promise”
- Provide consumer recognition
- Help maintain reputation among customers and competitors

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Copyright

- What is a Copyright?
  - Copyright protects original works of authorship including literary, dramatic, musical, and artistic works
  - Copyright does not protect facts, ideas, systems, or methods of operation, although it may protect the way these things are expressed

- When Is My Work Protected?
  - The moment it is created and fixed in a tangible form

- Why Register Your Copyright?
  - Easy and inexpensive IP right to obtain
    - Enforcement
  - Ability to litigate: registered works may be eligible for statutory damages and attorney's fees in successful litigation
Patents

What is a Patent?

- A patent is a legal document that gives the owner the right to prevent others from practicing an invention as it is claimed in the patent.
- A patent contains a written description of the invention and one or more claims that define the patent rights.
- Each claim is a single sentence that describes a patentable aspect or embodiment of the invention.
Patents (Cont.)

- Patent Strategy: A World of Options
  - Geography: markets of interest
  - Type: consider different types of patents for different innovations
    - Utility
    - Design
  - Align efforts with value proposition
  - Licensing (in to keep cost down; out to make money)
Patents (Cont.)

- **Foreign Patent Protection**
  - Geography: markets of interest
  - Timing and cost: short term v. long term
  - Be selective
    - Common to file only a subset of patent applications abroad
    - Limit claims/disclosure to control costs
Trade Secrets

- What is a trade secret?
  - Any confidential business information which provides a competitive edge may be considered a trade secret
  - Trade secrets encompass manufacturing or industrial secrets and commercial secrets

- Types of trade secrets:
  - Sales methods, distribution methods, consumer profiles, advertising strategies, lists of suppliers and clients, and manufacturing processes

- Benefits: Relatively low cost form of IP
- Risks: Needs to be kept secret, or protection is lost (required to put procedures in place)
Agreements – Employee Agreements

- **Why are they important?**
  - Identify the scope of work
  - Delineate who owns IP

- **Considerations:**
  - Leverage your skills v. employer’s interests
    - Scope
    - Term (non-compete)
    - Implied terms
Agreements – Non-Disclosure Agreements

- Why do you need them?
  - To share confidential information with potential customers, partners & investors
  - Protect patent rights

- Considerations:
  - Term

- Key provisions:
  - A description of the information to be disclosed
  - The purpose for the disclosure
  - The permitted uses of the disclosed information
  - The standard of care for protecting the information
Freedom to Operate/Clearance Studies

- Applicable to various forms of IP
- Wide range in effort/cost \(\rightarrow\) varying certainty

Be selective:

- Consider what you will do with the results and undertake actions that might prompt a change
- Focus on features of technology that align with the value proposition
Five Pitfalls to Avoid
1. Failing to Ensure Your Company Owns Its IP

- With limited exceptions, in U.S., IP ownership rights are attributed to the creator/inventor.
- Your company needs to have the right agreements in place before IP is developed that transfer ownership to the company:
  - Employee / founder agreements
  - Consulting / service agreements
  - Collaboration / joint development agreements
- Losing rights due to provisions in Click-Through agreements
2. Failing to Keep Secrets Until IP is Protected

- A single non-confidential disclosure = risk waiving related trade secret and patent rights
- Up to one year from non-confidential disclosure to file for patent in the U.S., BUT there are risks:
  - Another inventor beating you to the USPTO
  - Loss of ability to patent in most countries outside of the U.S.
- Solutions:
  - Assure NDAs in place before any outside disclosures
  - File for patent protection as early as possible and before any risky disclosures
3. Failing to Develop Sufficient IP to Attract Investors

- Investors like assets and barriers to entry—they provide security and leverage
  - IP is often an early stage company’s single most valuable and fungible asset
  - Insufficient IP may result in a lower valuation of your company and limit leverage for partnering and exit strategies
- Failure to adequately protect early platform technology leaves company vulnerable to being rapidly overtaken by more established competitors
  - Poorly executed provisionals often worse than nothing—false sense of security without protection
4. Launching Before You Look

- Unknowingly adopting a brand that is already being used by another company
  - Searching Google and USPTO won’t always uncover prior use
  - Solution: Speak with a TM attorney
- Failing to perform a Patent Landscape / Freedom to Operate (FTO) search
  - Patentability and freedom to operate are two very different things
  - Knowledge of landscape can avoid costly errors in technology development and business execution strategy
5. Believing Open-Source Software Is Free

- By using Open Source Software (OSS), you may be entering into a license
  - Others may have the right to distribute the software your company developed without concerns of copyright infringement
  - Other OSS tries to grant patent rights necessary for another’s further use and distribution of your code
- This might seem utopian, until you gain traction and a competitor shows up and competes against you—using your own software
Takeaways

- IP is a business tool
- Different types of IP provide different protection and have different costs
- To choose from the many options and keep within budget:
  - Identify value in the company/company goals
  - Identify appropriate types of IP considering all cost options—think holistically
  - Tailor efforts to the value
- Communicate goals and constraints with attorney/IP professional
Questions?
Thank You

- Further Questions and requests:
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  - www.wolfgreenfield.com