

Intellectual Property Management

February 4, 2013

IP as a very valuable asset.

Intellectual Property (IP):

- identify
- protect
- utilize

Business needs Creativity, Knowledge and Innovations.

Patent → new inventions

- invention
- exclusive right
- 20 years
- territorial right
- application & examination

Trademark → distinctive identification of products or services

- a sign capable of distinguishing the goods or services
- distinctive words, letters, pictures, smells ...
- exclusive right → territorial
- valid for 10 years

Industrial Design

- the ornamental or aesthetic aspects of a product
- exclusive right
- between 10 and 25 years
- Registered Design: external appearance, registration

Copyright → “works”

- legal protection for literary or artistic creations → works
- economic rights
- moral rights
- automatic → you don't have to apply

Trade Secrets → valuable information not known to the public

- information must be confidential or secret
- must have commercial value (because it's secret)
- responsibility to keep it confidential or secret
- last forever (as long as you can keep it secret) → reasonable efforts

WIPO = World Intellectual Property Organization, located in Geneva, Switzerland

Value of IP assets as business assets

- strong market position and competitive advantage
- higher profit or return on investment
- additional income from licensing or selling IP
- creating bargaining power
- enhanced ability to acquire finance at reasonable rates of interest
- credibly threaten or take action against imitators and free-riders
- positive image for your enterprise

IP Audit

- create stronger IP portfolio
- IP value maximization

Trademarks and Design go together.

Value of a brand

- promise & delivery of an experience
- the security of future earnings
- a separable piece of intellectual property (trademarks & design)
- recognition and brand loyalty → happy customers
- image of quality → buy a brand, not a product

Connotation =
Nebenbedeutung, Assoziation
e.g. "pane" → "pain"

OHIM = Office for
Harmonization the internal
market

Mediation = Vermittlung
Arbitration = Schlichtung

"Service Marks" =
Trademarks connected with
services

embodiment = Verkörperung

- image of size →
positive brand image –
enterprise appears
larger than it really is
- image of experience &
reliability

***Creating brands through
trademarks → brand in the eyes
of the consumer***

Trademark registration process

- Application
- Formal examination
- Substantive
examination
- Publication and
opposition
- Registration → valid for
ten years
- Renewal

Procedure for Design patents is
similar.

Duration:

- Trademark: 12 months
to a few years
- Design patent: three to
nine months

Types of applications

- National application
- The Madrid System →
for international
trademarks
- Community Trademark
(CTM) → OHIM →
European patents

→ **Trademark search in three
areas**

Lawsuit @ court: very time-
consuming and generate a lot
of costs

→ Cheaper: mediation and
arbitration

USA: differ between

- design patents
- utility patents →
"patents" in EU

ACID

A djective

C onstant

I dentification or status

D istinguished

Advantage of Madrid System

- You are not locked in
- You can add easily
more member countries
(initial: 6 countries,
now needed 2 more =
8)

Claims

- The single claim is the
set of drawings
- value of property
depends on how broad
it is
- multiple embodiments
can be included in
application
- a design patent
application can claim
priority to a utility
application (e.g. use of
same drawings in both
applications)

Advantages of Design Patents

- 90% allowance rate
- usually take 1 year to
issue
- easier and cheaper to
prosecute a design
patent
- valid 14 years from the
issue (approval) date
- drawings are the
specification and define
the scope of the claim

Intellectual Property Management

February 5, 2013

Trademark Dilution

When somebody else uses your own trademark → improper use of trademark, the trademark becomes less strong.

Design Patent Infringement

- Ordinary Observer Test
 - ordinary person who is familiar with art
 - check if substantially the same (key is similarity, how close are they?)

Prior art

What was before filing date of your patent?
e.g. art of ceiling fans → group of technological product

Super-Rough Comparison Attempt applies Egyptian Goddess

If you're asserting design patent infringement, you want the accused design to be closer to the claimed design than the prior art design(s).

Registered Community Design (RCD) (OHIM → Europe)

- covers design itself
- valid 5 years, can be renewed up to 25 years
- you need to register the design in the first 12 months (the sooner the better)
- starting point is the filing date
- appearance can be protected: colors etc.
- protected packaging of products, normal products, composite products, set, part of object,

icons, typefaces, maps, webs design

Note: There is also some protection even if your design is not registered, but it is not that strong.

Not protected: plan, plants (you have to show how it looks in the end, the final product)

Important for filing

- request for registration
- identify the applicant
- representation of design
- you should file asap → you only look to the past
- what is seen is what is protected!
 - at least one view for the product as a whole
 - max. 7 views
 - no text, clear view

What happens if I'm copied?

→ go to court → very expensive

- RCD gives you exclusive right within EU
- injunction: court order, telling you to stop
- you can get compensation for your damages (what you've lost)

RCD can be **invalid** due to

- lack of novelty
- lack of individual character

design patent:

claim on first page

utility patent:

claims at the end

to dilute = verdünnen, verwässern

injunction = einstweilige Verfügung / Unterlassungs-urteil

The Coca Cola recipe is a trade secret.

Apple vs. Samsung

- sue somebody for infringement → first action: say that patent never should have been granted
- trade dress: very obvious, likelihood → black box → premium product
- shape of device: yes
- icons: trademark infringement? there are similarities, but Nokia for example had also such icons years before

classification search

- text searching → before filing an application, you want to know what is already out there

Benefits

- avoid infringement of existing patents
- track R&D of other companies

Patentability

requirements:

- new: not disclosed in public in any language or country / 1 year to file after first public use → however, you should do it before the first public use/disclosure
- useful
- **non-obvious → must have inventive step**
- accompanied by a written description disclosing how to make and use the invention

U.S. → first to invent → now changing to the rest

Rest: first to file

U.S. Classification

class / subclass
015 / 167.

Dxx/xxx stands for design patent

Searching steps

1. Brainstorming and description
Who uses invention?
2. Index to USPC → find personal classes or subclasses
3. Class schedule
4. Class definition
5. Retrieval options (search in other sources)
6. Review Front Page
7. References cited → check sources (hints from Patent Office where to search ["Field of search"])

Beware of invention scams → traps!!

patenting process takes time and money

cost for application:

5k – 10k USD

possibility for provisional patent application → "mini application"

- you don't have time
- you take what you've got
- give you filing date which is important
- you have one year for real applications

"patent pending" means that patent application was filed

Example for patent searching:

CAR RAVIOLI

- look up synonyms (thesaurus.com) → vehicle pasta
- lookup possible classes on uspto.gov
- check patents via Google Patents

Utility patent

A patent is a monopoly given by the government

Why?

- quid pro quo

- the make a deal: government - inventor
- forces innovation
- bring technology into public domain

knowledge-driven economy

- selling patents has become big business → licensing
- collateral for bank loans

Reasons for patenting

- bargaining chip for security, “freedom to operate”
- selling the invention → tradable assets
- strategic partnerships, mergers and acquisitions, IPO, and higher sale price
 - the more patents you have, the higher the stock prices and the more money you get
- Basis for recognition and rewarding employees
- Part of branding and marketing strategy

Sources of inventions:

- in-house, R&D
- shop floor, marketing or sales side
- outside the company

Patent application

go to the broadest claim → only few words → few limitation

→ back and forth with Patent Office → narrow patent
→ influences time (usually narrow patents are faster)

- Evaluating the patentability of an invention
 - new, inventive step
 - prior art search
- deciding whether to patent an invention

- patent vs. trade secret

- preparing a patent application
- filing the patent application

Patent infringement

- look for prior art
- invent around it

Utility model

- weaker than patent
- faster and simpler
- fees are generally lower
- duration: shorter than patents
- only products
- not in all countries available

Enforcing your patents

- remedies
- damages money
- injunction

collateral = Sicherheit, Pfand

IPO = Initial Public Offering (stock exchange)

Utility Model = Gebrauchsmuster → small patent

remedies = Rechtsbehelf

Intellectual Property Management

February 6, 2013

Patent Management System

- Creating a company-wide intellectual property **culture** (systematic implementation, **awareness...**)
- Implementing an **invention program**, invention disclosure program and maintaining an inventory Systematic identification and documentation of creative idea, incentive or reward system for employees, keeping an inventory)
- Systematic review of all invention disclosures (by review committee)
- making sure that the **company**, not the employees or contractors, **owns** the inventions and patents
- Monitoring patenting activities of current and potential new competitors (risk of infringing their patents, potential competitors → key people, other people's patent applications)
- Evaluation and valuation of patents
- Monitoring and enforcement program for patents (monitor activities of ex-employees, cover competing products of competitors → keep a systematic watch
- A patent licensing program → large revenue streams
- Assigning responsibility at a high level or in a suitable committee
- Funds and human resources for running a patent management program → requires budget, one possibility is out-sourcing

After 18 months, the patents go public.

Types of Patent Infringement

Direct Infringement

- third party has willfully or intentionally stole without permission
- someone directly makes, uses or sells the patented invention
- manufacture patented technology, use patented technology, offer for sale, import patented technology

Indirect Infringement

- unfair practice that does not give a clear indication
- it occurs, for instance, when a device is claimed in a patent and a third party supplies a product which can only be reasonably used to make the claimed device
- sell parts that can only be realistically used for a patented invention
- sell an invention with instruction on using a certain method that infringes a certain patent
- license an invention that is covered by another patent

Basic Features of Patent Infringement

- Objects of Infringement → The patents must be valid!
- Infringement behaviour

Remedies of Patent Infringement

- Monetary Relief
 - Compensatory damages
 - Increased damages (willful or deliberate infringement) → 3X (three times the amount)
- Equitable Relief
 - Preliminary Injunction → "Samsung, stop selling Samsung Galaxy S in U.S. for 3 months"
 - Permanent Injunction → forever
- Cost & Attorney's Fees costs are typically recoverable where there has been willful infringement, and so are attorney's fees

raide = try to get employees away from other company

Misappropriation =
Unterschlagung, Entwendung

negligent = fahrlässig

Business Insurance to cover costs of lawsuits, in U.S. you often got sued. If you have a business insurance, they take care of it.

N.Y. Times: The Patent, Used as a Sword

- too harsh, only black or white, should more focus on facts than emotions, "poor guy" victim of the bad patent system
- decision depends on patent examiner
- Software patents: not allowed in EU (Copyright), but in U.S. → for methods, you should do it, software patent is much stronger than copyright

Trade Secret

- not generally known
- has commercial value because it's secret → reasonable steps have to be taken to keep it secret
- kind of do-it-yourself-IP
- could be anything that might have value for the company, e.g. business plans, processes, key customers

Reason for protecting Trade Secrets

- commercial ethics and fair dealing → it's wrong to steal
- provide an incentive for businesses to innovate by safeguarding

Example: Coca Cola

One of the "best-kept trade secret in the world" is the formula of Coke, held in a safe in Atlanta.

If you say "NO Publication" on an patent, you cannot apply for patents in other countries, only U.S.. When patent is issued, it is usually published.

Trade secret management program

1. put in place a system for identifying trade secrets → record actions what's been done to keep it secret
2. develop an information security policy (why and how of doing so, how to

reveal or share such information)

3. educate all employees on issues related to information security (avoid hiring a person bound by a non-compete agreement, educating your employee, hiring away more than one employee from one competitor would look suspicious)
4. Importance of exercising care in hiring an employee of a competitor
5. Include reasonable restrictions in writing, in all contracts (non-analysis clauses, no-raiding, non-recruitment or non-solicitation clause)
6. restrict access to paper records
7. mark documents (CONFIDENTIAL, make no copies)
8. Office management and keeping confidentiality (Shredding papers)
9. Maintain computer secrecy (automated audit trails, use of passwords)
10. Guarding secrets that are shared in partnerships (usually inside-out, employees take information with them)

Misappropriation of Trade Secrets

- unfair acquisition (theft, fraud, coercion, unlawful or dishonest acts)
- acquiring a trade secret with knowledge of its prior unlawful acquisition or being grossly negligent (you're so stupid, you should have known – law requires you to be smart)
- you get it innocently, later you find out of its earlier unfair acquisition
- Breaching a contractual obligation (employment contract, license contract...)

How trade secrets gets stolen

- USB sticks, CD-Roms
- industrial espionage (corporate spying with professional criminals, e.g. hackers / disgruntled worker or former employees [80%])

Protection of Trade Secrets

- unfair competition law / principles of tort
- Contract law (agreement between parties)
- Criminal law

Remedies

- restraining the person
- monetary compensation in the form of damages
- seizure order → court says you cannot sell them
- precautionary impoundment of articles
- destruction of the products / equipment
- punitive damages → punish the company (that's what lawyers want to go for)

Trade Secret

- Financial information
- Commercial information
- Technical & scientific information
- Negative information

Patent / Trade Secret

- TS protection allows no exclusivity
- If someone finds same out independently, TS is gone...
- Reverse engineering is not wrong

Difference between Trade Secret and Patent

Trade Secrets

- no registration
- can last longer (forever)
- no public disclosure
- large subject matter
- only protection against improper acquirement/use
- more difficult to enforce

Patents

- registration
- can last 20 years (from filing)
- public disclosure (18 months after filing)
- subject matter limited
- exclusive right
- "power tool"

Things to bear in mind

- ANY innovative idea should be kept SECRET first

- Decide whether its patentable or not
 - patentable: Trade Secret or Patent (sometimes a part of the Product can kept secret and remains as a Trade Secret)
 - not patentable: Trade Secret, Copyright
- Choice must be made from business & technical view (if technology changes very fast, maybe the product is obsolete by the time the patent is granted)
- If you apply for a patent, only give up what is necessary
- If you apply for a patent, your TS may still protected
- Once patent published → TS lost in ALL COUNTRIES

Copyright

- immediately → a work is automatically protected
- a work must be ORIGINAL (independently created / US: work has to be fixed in some material form)
- belongs usually to author

Berne Convention

- treaty signed by different countries → standardized copyright law
- territorial right

Copyright Notice

A copyright notice consists of:

- the word "copyright" or the symbol ©
- the year in which the work was first published
- the name of the copyright owner

Almost anything can be copyrighted.

- literary works
- computer programs, software and original databases

Copyright doesn't protect ideas, facts or useful articles.
→ Write it down on paper → protected

tort = Delikt, unerlaubte Handlung

punitive = strafend

NDA = Non-disclosure agreement

Names , titles, slogans and other sort of phrases can also not be copyrighted.

Slogans → Trademarks

Scope of Copyright protection

economic rights

- exclusive right
- make reproductions
- distribute
- rent or lend
- adapt / change
- perform
- receive a percentage of the sale price
- protected at least 50 years after death of owner (70 years in EU and U.S.)

moral rights

The following types of works are in the public domain:

- copyright protection period has expired
- cannot be protected by copyright
- owner has explicitly abandoned his rights

Note: Absence of copyright notice does not imply that the work is in the public domain

Authorship:

Author → created the work

Ownership:

the owner of the copyright in a work is the person who has the exclusive rights to exploit the work

➔ **agreements**

Intellectual Property Management

February 7, 2013

Ownership of Copyright

Owner has exclusive right

Commissioned works:

- usually creator has ownership
- others has license to use
- written agreement

(often freelance designers works on that basis)

Works created by employees:

- created as part of job → employer owns the copyright
- out of scope of her employment → employee
- employees have to sign a written agreement to transfer the copyright to the employer

Works created by several authors:

- joint works → more than one person involved in creation → jointly own the work → considered agreement among the authors or owner is usually preferable
- collective works
- derivative works

Copyright Infringement

- economic rights
- moral rights → author of works not recognized

There may be copyright infringement, even if only a part of a work is used.

Even if you use just a part of a copyright work, you will generally need prior permission.

You don't need permission under following circumstances:

- not protected under copyright law
- public domain
- "fair use" or "fair dealing"

Reduce the risk of infringement

- educate your staff
- obtain written permission, licenses or assignment

This document contains notes of the intensive week about IPM of Flavio De Roni

- mark any apparatus that could be used to infringe copyright
- prohibit your staff explicitly from downloading

Using a work under a limitation or exception:

- quotation from a published work
- research & study purposes
- libraries and archives
- teachers
- special copies for use by visually handicapped people

Non-exclusive rights can be transferred without written permission of the owner.

Register a copyright is much better if a case come to court.

Important Exception

- First sale doctrine → if you legally buy a DVD, you can resell it to a friend without copyright infringement

Does it have an effect of the use upon the potential market?

Patent Information

Patent Document contains

- Date of filing
- Priority date
- Bibliographic Data
- Abstract → summarizes the invention, no legal importance
- Description → disclose the invention clearly and precisely, illustrated by examples, written to people who use the technology with ordinary skills in that particular field
- Claims → the scope of the legal protection
- Drawing → technical details in abstract or visual way, not always necessary

U.S: If there is no Assignee, the inventor owns the patent.

CMO = Collective Management Organization → manages all the copyright (big business with photographers or music industry)

National copyright register

IPC = International Patent Classification

Advantages of Patent Information

1. up-to-date information (published after 18 months)
2. uniform structure (standardized format)
3. detailed description (for person skilled in the relevant art)
4. unique source of information (80% never been published anywhere else)
5. well organized information (IPC)
6. Quick and easy access (on-line searching, available in WWW)
7. wide fields of technology
8. citations intelligence (analyze competitors, help you go find other documents related to the patent document)

IPC

Section / Class / Subclass
Main Group / Sub Group
e.g. A 21 B 1/00

State-of-the-art & Patentability

Search

- State-of-the-art search → broad overview of a defined technological field
- patentability search → legal decision whether to go for patent or not

Infringement search

Identify related patents and ascertain their legal status in time to prevent infringement

Validity search

- looks for any publication (prior art)
- useful as a defensive tool when a company is concerned about infringing a particular patent

Patent family

- linked via priority document (where was it filed first)
- at least one priority in common
- exactly the same priority or priorities
- find inventions described in another language

Types of patent information databases → CD-Rom, Online

USPTO: issued patents and applications are in separate databases, you have to search twice

Strategic use of patent information Licensing

- Licensing In → bringing something into your business
- Licensing Out → royalty payments, generate revenue
- Cross Licensing → I give you, you give me

In Mergers & Acquisitions

- identify all the companies with the relevant patents and related assets

In Research & Development

- size up the technological field
- forecast market needs

In Human Resource Management

- identify possible candidates (key inventors)

Note: If the maintenance fee is not paid for a patent, it is in the public domain. → Information is available on uspto.gov

Patent Claim

"An amusement device comprising..." → comprising is a key word in patent claims

Patent Searching

e.g. on worldwide.espacenet.com (Europe)

If you search, you have to know Patent jargon to find relevant information.

e.g. photo-transmitting diode = LED

Google search:

normali* AROUND(3) (dataset OR "data set")

→ proximity searching

Search options

- WIPO database
- Espacenet
- Free Patents Online – FPO
- ip.com

Intellectual Property Management

February 8, 2013

Provisional Application

- placeholder for real application → gives you the place in time → filing date
- never turn into an application by itself
- can be informal
- inexpensive
- cannot be only a paper with only an idea
- usually a lot of drawings, saying "this is the invention"

What is an IDS?

Information Disclosure Statement

- "Duty of Candor" → honest
- within three months of filing a patent application, you must submit known "prior art" and "material" information relevant to your application → IDS
- if you don't do this, you get problem in court!

Restriction

if application covers more than one invention, sometimes PTO split up → "divisional" application → you have to make a decision, with which invention you want to get patented

Continuation

After you get the second rejection, if you still want to get the patent, you have to pay an RCE (Request for Continued Examination).
Every RCE = 2 chances to get a patent

"Continuation-in-part" (CIP) is an application that is based on an old application.

Part old: original filing date

Part new: new filing date

→ must be filed while the prior application is still pending

→ not possible outside the U.S.

"Divisional" (DIV) is a duplicate application that is filed because some of the claims were restricted.

→ you have to pay separate fee and get a separate number

You have the **Right to Appeal** to the "Board of Patent Appeals and Interferences" if the examiner persists in the rejection of the claims. → Notice of appeal and appeal fee is required,

Notice of Allowability

Maintenance fees have to be paid after 3, 6, 12 years.

Certificate of Correction

If a mistake was made, you have to pay money to get it corrected.

Re-Examination

- we know about new prior art (there are certain requirements)
- requests made by patent owner, third parties or even PTO

Interferences

- only in the U.S. "first to invent"
- when occasionally two or more applications are filed by different inventors claiming substantially the same → procedure of interference to check who invented first
- changes now to "first to file"

Oath or Declaration

as company, you have to sign is (swear under penalties of fine, imprisonment, or both). You say that you don't willfully give false information.

Patent Cooperation Treaty

Local patent application followed within 12 months by multiple foreign applications claiming priority under Paris Convention:

- multiple formality requirements
- multiple searches
- multiple publications
- multiple examinations and prosecutions of applications
- translations and national fees required at 12 month

PCT System

Filed in National Patent Office, 12 months after local application

Patent Expiration

uspto.gov/patents/index.jsp

If patent is expired, you cannot get a patent for the same, but you can produce it without infringement. Risk is, that it easily can be reverse engineered and someone can build the same product, but cheaper.

Oath = Eid

NPE = Non-Practicing Entity → Patent Troll

- Business Plan: just own patents
- look for “deep pockets”
- sue other companies for patent infringement

“You cannot get blood out of a stone.”

thicket = Dickicht, Gestrüpp

Due diligence = Sorgfaltspflicht, Unternehmensbewertung

- file local application
- file PCT application (after 12 months)
- International search report & written opinion (16 months) → helps to see chances for getting patent (a lot choose U.S: (USPTO) to do the search, because it is harder to get a patent there → big market)
- International publication (18 months → WIPO publication)
- (optional) File demand for International preliminary examination (22 months)
- (optional) International preliminary report on patentability (28 months)
- Enter national phase (30 months)

PCT Advantages

- postpones the major costs / you get additional time (30 months to decide, observe the market instead of 12 months “normal application”)
- provides a strong basis for patent decisions → search report gives you prior art (X,Y,A, Inventive Steps, Novelty...)
- harmonizes formal requirements
- protects applicant from certain inadvertent errors
- evolves to meet stakeholder needs

X = very good prior art
Y = doesn't teach everything, but what it doesn't teach seems obvious
A = something relevant, but doesn't teach claim

PCT Challenges

Try to keep PCT from being politicized like other parts of WIPO's work.

Licensing

License

- an IP right (licensor) gives another (licensee) the permission to use that right
- written contract

Reasons for Licensing

1. essential component of certain business relationships
2. Non-core IP for adding a revenue stream
3. Core IP for adding revenue stream → license in another market you want to go, partner can go there
4. Core business is licensing → just develop & license out (e.g. in semiconductor business)
5. Forcing an infringer to become a licensee (stick license) → put pressure on such infringers to take a license
6. Licensing to each other (Cross Licensing)
7. Patent Pools → patents may be licensed in a group / patent thickets (no one can do anything without infringing patents)
8. Complying with standards → “fair use” license agreement by the government for particular technology

License: Permission to use an IP right

Assignment: Transfer of an IP right (ownership transfers over, recorded at patent office)

Who can sue for infringement?

- only an assignee of a patent
- exclusive licensees (“only me”, no others can license)

Due diligence

- performance of an investigation of a business or person

Information needed for due diligence

- Who owns patent?
- validity and adequacy
- third parties claiming rights
- patent protection in all the relevant markets
- you going to make sure that what you get will help you
- alternatives to a negotiated deal

Valuation of technology

(Tough/tricky one to think about)

- Limitation in valuation of technology
- Methods to value technology → cost approach → investment in the technology, income approach → making educated guesses as to the amount of income that new technology will generate, marketing approach → how much would somebody pay?

Negotiation Process

1. Preparation → knowledge is power
2. Discussion
3. Proposing
4. Bargaining

The golden guidelines of negotiation

- Aim for a “win-win” outcome
- generate variable
- aim high, but protect your credibility
- you don’t get the deal you deserve, you get the deal you negotiate

Not Recommend → to be avoided:

- loss of credibility
- arguing or threatening
- underestimating the opponent → better to overestimate
- haggling → bargaining about details
- negotiating against yourself
- lack of preparation

Recommended:

- rationality
- understanding
- communication
- reliability
- non-coercive modes of influence
- acceptance

Managing a license agreement

- technical assistance
- tangible items → billing, upgrading manuals, test equipment
- reporting → send a royalty statement/report
- audit → at least once a year

Termination and post-termination issues

Agreements may come to an end:

- period of agreement expires

After expiration:

- know-how or confidential information (which have to be returned)
- Sub-license
- Other clauses

Open Innovation

- Networking
- Collaboration → an integrated global innovation network system
- Entrepreneurship
- IP Management
- Global Vision
- Knowledge

NDA (Non-disclosure Agreements)

It is not sufficient to enter a licensing negotiation base on pure trust

LOI (Letter of Intent)

spelling out the understanding of the parties before a formal license agreement is signed (also known as MOU = Memorandum of Understanding)