



PABST PATENT GROUP

# Intellectual Property: What Is It, How Do I Get It, and Why Do I Need It?

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# OVERVIEW

- **PATENTS**
- **TRADE SECRETS**
- **TRADEMARKS OR SERVICE MARKS**
- **COPYRIGHTS**
- **CONTRACTUAL RIGHTS**

# WHAT IS THE PURPOSE OF ALL IP?

- **TO EXCLUDE COMPETITION** and thereby increase the **value** of an entities' commercial products
  - IP Rights, with the exception of Trademarks and Copyrights, are **time sensitive**
  - Trademarks and Copyrights **originate upon use or creation**
  - Patent Rights and Contractual Rights must be **protected prior to disclosure**

# HOW DO WE CREATE AN IP PORTFOLIO FOR A NEW COMPANY?

- The Company sends us invention disclosures, previously filed patent applications, patents, and/or inquiries from a potential founder, investor or company
- We discuss potential trade secrets, trademarks and non-patent forms of intellectual property, as well as review employee non-compete, license and non-disclosure agreements
- We review the materials, identify potentially patentable subject matter, problems including earlier publications, patents or other prior art, competitors and/or freedom to operate issues, potential products and develop a strategy

# WHAT IS IT YOU ARE PROTECTING?

- You start with **ideas**
- **You identify a need and value that need**
- You **expand** your ideas to cover what you hope your partner or your licensee will market
- An idea is like an “**egg**” – a promise of more to come
- **Value** is created by expanding the idea to cover other compositions, methods of making and methods of using
- Valuation is the whole – market, need, exclusivity

# IMPORTANT CONSIDERATIONS

1. What are the prospective products?
2. Do you have a novel composition or method?
3. Does your invention solve a long term problem?
  - Lower cost or easier or less expensive manufacturing
  - Can be used to do something others have tried to do and failed
  - Is the field very crowded – and, if so, does your technology stand out compared to the rest?
4. For a patent, think where the technology will be in five to ten years

# WHAT IS A PATENT?

- A business asset
- A legal document that gives the patent owner the right to **exclude** others from making, using, selling, or importing the claimed invention into the patent jurisdiction
- Defined by its **claims**, which must identify a novel and inventive (non-obvious) composition device or component thereof, method of making or method of using

# WHAT IS A PATENT?

- Most applications for patent are filed initially in the country of origin
- Patents are effective ONLY in the issuing jurisdiction
- Patents are asserted to exclude competitors from making, using and selling claimed technology
- Patents are not required to make, use or sell technology
- In most countries and regions, disclosure prior to filing forfeits patent rights



# TYPES OF PATENTS

- **United States Patents are National Patents**
  - **Provisional:** establishes priority date, are not examined, and must be converted within one year to Utility, PCT and/or other foreign patent applications
  - **Utility:** protects compositions, methods of making and methods of using, including methods of treatment and diagnostics, are examined for novelty, non-obviousness and compliance with enablement, description
  - **Design:** protects the way an article looks
  - **Plant:** protects asexually reproduced plants

# TYPES OF PATENTS

- **Patent Cooperative Treaty (PCT)**
  - one has one year from the date of first filing to file a single international application
  - Non-binding Prior Art Search and Written Opinion on patentability rendered 18 months from priority
  - subsequently must be filed in the individual countries and regions in which protection is sought

# OTHER TYPES OF PATENTS

- **European Patent Applications are a Regional Application**
  - Consolidated prosecution for new compounds, compositions, devices, methods of making, methods of using in the European Patent Office
  - Granted patent validated and maintained in individual countries – Asserted in individual countries
  - Can be challenged during prosecution by filing of observations or post grant opposition proceedings

# OTHER NATIONAL PATENTS

- **People's Republic of China**
  - **Invention** patent which is similar to the US utility patent
  - **Utility Model** patent which is similar to the European and Japanese utility model patents – fast, cheap, no examination
  - **Design** patent
  - There are **no** plant patents

# REQUIREMENTS FOR A PATENT

- The claims must define a **useful** composition, article, device or component thereof, a method of making and/or a method of using
- The claimed invention must be novel – *i.e.*, **not disclosed** orally, electronically, in writing, or on sale prior to an application for patent being filed
- The claimed invention must be **inventive** and **non-obvious** to one of ordinary skill in the art over what others have done, alone or in combination
- The claimed invention must be **described** in sufficient detail, clarity, and explication for one of ordinary skill in the art to conclude that the inventors were in possession of the invention and have told others how to make and use it

# REQUIREMENTS FOR A PATENT PRIOR DISCLOSURE

- **United States and Japan**
  - There is a **one year** grace period after a disclosure in which to file for a patent, with limitations
- **China**
  - there is a **six month** period, with limitations (same as Japan):
    - First exhibited at an international exhibition sponsored or recognized by the Government
    - First made public at a prescribed academic or technological meeting
    - Disclosed by any person without the consent of the applicant

# REQUIREMENTS FOR A PATENT PATENTABLE SUBJECT MATTER

- Standards for **patentable subject matter** and **inventiveness/non-obviousness** vary by Patent Office
  - **In the United States**
    - medical treatments are patentable
    - the inventors do **not** have to have actually made or used the claimed invention
  - **In China**
    - only the **use** of medicines and medical devices is patentable
    - actual reduction to practice or a detailed description of how one can reduce to practice is **required**

# WHAT IS THE MOST IMPORTANT ASPECT OF YOUR PATENT?

- **THE CLAIMS!**

- Make sure your claims are as **broad** as possible
- Make sure your claims **exclude** as many competitors as possible
- Make sure you have claims to as many **commercial embodiments** as you can imagine



# MISCONCEPTIONS ABOUT PATENTS

- Patents are an exchange of information for a period of time to exclude competitors
- A patent does not give the patent owner the right to practice the patented invention
- Prior patents can be used to stop a later patent owner from practicing his own patent
- Freedom to practice of your invention is an important consideration in determining the value of your patent

# PATENTS ARE NOT PEER-REVIEWED JOURNAL ARTICLES

- The amount of data need to support a patent application is not even close to the data needed in a peer-reviewed journal article
- Do not be afraid to use your **imagination**
- In the US, Canada, Australian and Europe all that is required is to describe the invention in enough detail that someone skilled in the art could read the application and carry out the invention without engaging in **undue experimentation**
- Some jurisdictions such as most Asian countries limit the claims to the scope of the data **disclosed in the application**
- Adding additional embodiments can prevent others from patenting those embodiments

# TRADE SECRETS

- The [Uniform Trade Secrets Act](#) ("UTSA") defines a trade secret as:
  - **information**, including a formula, pattern, compilation, program, device, method, technique, or process,
  - that derives **independent economic value**, actual or potential, from not being generally known to or readily ascertainable through appropriate means by other persons who might obtain economic value from its disclosure or use; and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy
  - enforced under state civil and criminal law

# TRADE SECRETS

- A trade secret can be protected **indefinitely** in the US or for a renewable term in some countries such as China as long as secret is commercially valuable, its value derives from the fact it is secret, and the owner take reasonable precautions to maintain its secrecy
- No Registration
- Examples
  - manufacturing or industrial secrets
  - commercial secrets
  - customer lists

# TRADE SECRETS

- Some **advantages** of trade secrets include:
  - Not limited in time (patents last, in general, for up to 20 years); It may therefore continue indefinitely as long as the secret is not revealed to the public
  - Involve no registration or fees
  - Immediate effect
  - Does not require compliance with formalities such as disclosure of the information to a Government authority
  - Criminal as well as civil penalties for theft

# TRADE SECRETS

- Some **disadvantages** of trade secrets include:
  - If the secret is embodied in an innovative product, others may be able to inspect it, dissect it and analyze it (*i.e.*, "reverse engineer" it) and discover the secret and be thereafter entitled to use it
  - Once the secret is made public, anyone may have access to it and use it at will
  - A trade secret may be more difficult to enforce than a patent
  - A trade secret may be patented by someone else who developed the relevant information by legitimate means

# TRADEMARKS

- What is a Trademark?
  - Trademarks refer to **any word, name, symbol, or device**, or any combination thereof -
    - (1) **used by a person**, or
    - (2) which a person has a bona fide **intention to use** in commerce and **applies to register** ...
  - to identify and **distinguish** his or her goods ... from those manufactured or sold by others and to indicate the source of the goods ...

# GENERIC WORDS ARE NOT TRADEMARKS BUT ARBITRARY WORDS CAN BE

- **Generic words** “name” a product and completely lack distinctiveness when used in the context of the products they name
- **Descriptive words** describe a product, or its features, or function or characteristics. This includes laudatory terms and abbreviations commonly understood



# GENERIC WORDS ARE NOT TRADEMARKS BUT ARBITRARY WORDS CAN BE

- **Arbitrary terms**

have a common meaning in the language, but when used in connection with a product for which they have no meaning, they are inherently distinctive and protectable as a trademark

- Examples include:
  - “**APPLE**” for iPhone
  - “**TIDE**” for detergent

# TYPES OF TRADEMARKS

Words, designs, logos, product label, product shape, symbols, color, sound



中国移动  
China Mobile



中国中铁



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# COPYRIGHT

- **Copyright** is a form of intellectual property law protecting original works of **authorship** including:
  - Literary (poetry, novels)
  - Dramatic (movies)
  - Musical (songs)
  - Computer software
  - Architecture
- Copyright protects original works of authorship, while a patent protects inventions or discoveries
- Ideas and discoveries are not protected by the copyright law, although the way in which they are expressed may be

# COPYRIGHT

- Copyright does not protect:
  - Facts, ideas, systems, or methods of operation, although it may protect the way these things are expressed
- Copyright law does not protect domain names
  - The Internet Corporation for Assigned Names and Numbers (ICANN), a nonprofit organization that has assumed the responsibility for domain name system management, administers the assignation of domain names through accredited registers

# COPYRIGHT

- A mere listing of ingredients is not protected under copyright law
- Where a recipe or formula is accompanied by substantial literary expression in the form of an explanation or directions, or when there is a collection of recipes as in a cookbook, there may be a basis for copyright protection
- Typically, names and geographic locations are not protected by copyright law
- Some names may be protected under trademark law

# COPYRIGHT

- A copyright notice, either as symbol or phrase, informs users of the underlying claim to copyright ownership in a published work
- Copyright law is different from country to country
- Copyrighting is achieved by placing a Copyright Notice somewhere on the document, e.g. in the footer
- We recommend you should ALWAYS Copyright:
  - Presentations
  - Posters
  - Journal Articles

# OVERVIEW

## CONTRACTUAL RIGHTS

- Non-compete Agreement
- Employment Agreement
- Confidential Disclosure Agreement
- Materials Transfer Agreement
- License Agreement

# EMPLOYMENT CONTRACT

- Spell out
  - ownership of the IP rights to all of employees' or contractors' creations
  - who has the right to use that IP
  - whether ownership of the IP will transfer from employee to employer
  - who will pay for securing rights in the IP
- Formulate internal policies regarding IP ownership and management of IP
  - make policies known to employees, and employees should familiarize themselves with such policies



# EMPLOYMENT CONTRACT

- Remember goal is achieving a symbiotic relationship within the scope of employment
- Have employees assign their rights to any IP developed within scope of employment to employer
- Clarity makes for good working relationship and prevents future problems

# ASSIGNMENT

- The transfer of an owner's property rights in a given patent/patent application
- Should be in writing and signed
- If the jurisdiction requires recording, the assignment with any agency, should be recorded
  - record assignment
  - change of name – shows chain of ownership

# ASSIGNMENT

- Effect of Assignment on Priority
  - At least one PCT applicant must own any claim of priority, either by assignment or by existing obligation to assign, at application filing
  - Lack of assignment to Applicant/acceptance of assignment prior to PCT filing can result in a defect on priority, especially in the European Patent Office

# COLLABORATIONS

- Between Universities or two Companies
- Between University and Company
- Between University/Company and individual
- Between University/Company and government (such as NIH)

# COLLABORATIONS

- How do you protect against dissemination of your IP?
  - A Non-Disclosure Agreement (NDA) or Confidential Disclosure Agreement (CDA)
  - Material Transfer Agreement
- Ensure that all agreements with companies or contractors in different countries are drafted in conformity with applicable foreign intellectual property law

# Non-Disclosure Agreement (NDA) Confidential Disclosure Agreement (CDA)

- When executed?
  - two parties considering pursuing a relationship together and need to understand the other's processes, methods, or technology solely for the purpose of evaluating the potential for a future relationship
- What is it?
  - legal agreement between at least two parties
  - outlines information the parties wish to share, but wish to restrict from wider use and dissemination

# NDA or CDA

- Types
  - Unilateral
    - one party wants to disclose information to another party
    - demands that the information remain secret
    - that the receiving party does not take or use the disclosed information without consent
  - Bilateral or Mutual
    - both parties supply information
    - common in joint ventures/mergers

# MATERIALS TRANSFER AGREEMENT

- Prior to sending or receiving tangible research material, it's vital to both parties to have a Material Transfer Agreement that expressly states the purpose for which the material will be used, and the rights regarding any derivative discoveries
- Important Issues to address
  - publication rights
  - liability of both the sender and the recipient
  - who will own intellectual property developed from the materials
  - any limits on the use of the material





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# Thank You!

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