INTELLECTUAL PROPERTY CONSIDERATIONS FOR INVENTORS

You have a cool invention and want to maximize your benefits from your new idea. What's next? A lot of new inventors are at a loss of how to proceed. There are a multitude of considerations, but here, we provide a guide to the top intellectual property (IP) considerations for an inventor with the next hottest idea. We will briefly discuss Securing Patent Rights; Agreements to Protect Rights; Protecting and Promoting Your Brand; Other IP Strategy; and Other Important Considerations.

Securing Patent Rights

Patents are federal statutory grants of exclusivity to the inventor of a useful, novel, non-obvious and fully disclosed machine, process or composition of matter. Patents are granted for a limited time to the inventor on the basis of an application after a process of examination. A patent grant confers the right to exclude others from making, using, offering for sale, or selling the invention in the U.S. or importing the invention into the U.S. A valid patent bars protection for any subsequent independent invention by another even "more deserving" inventor; the later inventor is the infringer.

Patents are a powerful and lucrative form of intellectual property due to the inherent value of inventions, their applications across multiple industries, and their licensing opportunities. There are three types of patents:

- Utility Patents: protects any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement.
- Design Patents: protects ornamental designs.
- Plant Patents: protects new varieties of plants.

If you think you may benefit from a patent, you should consult with a patent attorney before making any significant investments in time or money. A patent attorney can help you minimize infringement risk and make decisions to move forward based on granted patents and patent applications searches and analysis.

Your time to file for patent protection is limited and a strategy should be formulated early on in development. The U.S. patent system used to be under a first-to-invent systems, where an inventor that was first to conceive of the invention could obtain patent rights over an earlier filer. Today, with the change to a first-inventor-to-file system, it is a race to the patent office. In addition, if you publicly disclose your invention, you have a one-year grace period to file for patent protection in the U.S. If you plan to seek protection outside of the U.S., you may jeopardize your foreign rights by disclosing your invention before filing. A good rule of thumb is to keep quiet until you file. If you have to disclose, then make sure to have agreements in place.

There is no need for a prototype or for your invention to exist in any other tangible form before filing a patent application. As long as you have conceived of the invention and can describe it sufficiently with words and illustrations to enable any person skilled in the relevant technological area, then you should file your patent application as soon as possible.

In general, a utility patent protects the product and the way it is used, while a design patent protects the way the product looks. If your invention is in a crowded market and much of your inventive features are already present in the prior art, then utility patent protection may be unavailable to you. Design patents can be a valuable supplement to utility patents or as a replacement when utility patent protection is unavailable as in the above situation. Design patents provide a viable option to protect certain features of inventions, such as the look of a smartphone.

The term of a design patent was recently revised in May 2015 to 15 years from the date of patent grant. The term of a utility patent is 20 years from the patent application filing date. Also, design patents often can be obtained much quicker and cheaper than utility patents.

Agreements to Protect Rights

There are various agreements that your business should consider to protect your intellectual property (IP) assets. Different agreements target different business relationships, but all of the agreements create a private contract between the signing parties. The workhorse agreements in the IP setting include Confidentiality or Non-Disclosure Agreements (also known as "NDA"), Assignment Agreements, and Non-compete Agreements. The parties to these agreements frequently include employees, contractors, suppliers, customers, collaborators, and partners.

In an NDA, the parties agree to keep confidential whatever is discussed or shared during meetings and interactions and that such confidential information is not to be used for any other purpose than agreed upon. Regardless of whether you have protected IP, the parties are bound by the terms of the contract not to disclose or misappropriate information. A breach of contract action may be initiated and revenue made from disclosure and/or misappropriation may be recovered.

Assignments assign the right to intellectual property. Just because you paid someone to do a job does not necessarily mean you own the work. Therefore, it is critical that you have an agreement in place outlining the work to be performed with an assignment of all rights and ownership to the business for anything created under the agreement. Sometimes a trailer clause may be included, which usually require employees to assign their right not only in inventions made during the period of employment but also for a certain time thereafter. Trailer clauses are enforceable to the extent they are reasonable and restrictions broader in scopey may have trouble being enforced.

Non-compete Agreements limit the circumstances in which a party can compete for customers for a set period of time. Some courts have limited enforcement of non-compete agreements to

situations where trade secrets are likely to be used or disclosed. A New York court said our economy is premised on the competition engendered by the uninhabited flow of services, talent and ideas. Therefore, no restriction should fetter an employee's right to apply to his own best advantage the skills and knowledge acquired by the overall experience of his previous employment. *Reed Roberts Assocs. V. Strauman*, 40 N.Y.2d 303 (Ct.App.1976). What agreements are "reasonable" is far from clear and is the subject of considerable litigation.

Protecting and Promoting Your Brand

A trademark is a word, name, symbol, device, product feature, or any combination of these used in the connection with the sale of goods or services. The purpose of a trademark is to allow customers in the marketplace to distinguish the products or services of your business from those of other businesses. It does not tell what the goods and services are, but is an indicator of source or where they come from.

The owner of a valid, registered trademark has the right to exclusively use that particular mark within the relevant geographic area for certain goods and services and prevent others from using the same or a confusingly similar mark in connection with the same or reasonably related goods or services.

Businesses whose use of a trademark involves U.S. interstate commerce, actually selling goods or providing services under that mark in two or more state, is entitled to seek federal registration. Businesses whose use of a trademark is wholly intrastate are not entitled to federal registration but may benefit from state registration.

Building a unique brand and protecting it with registered trademarks can be extremely valuable for distinguishing you from the competition. Unlike patents and copyrights, trademark rights never expire but continue as long as the trademark is in use in connection with the associated goods and services. Trademarks don't have filing deadlines like patents, but it is best to have a trademark clearance search done to reveal potential issues that could prevent your use and registration of the trademark.

Other IP Strategy

A copyright is a form of protection provided to authors of "original works of authorship" that may be published or unpublished. Such "original works" include literature, music, photography, illustrations, architecture, computer programming, and other intellectual works. A copyright protects the form of creative expression fixed in any tangible medium of expression, such as words, numbers, nots, sounds, pictures, etc. Generally, the owner of a copyright has the exclusive right to reproduce, adapt, distribute, publicly perform, and publicly display the copyrighted work. These rights are transferable and may be sold, licensed, donated to charity, or bequeathed to heirs.

A unique characteristic of a copyright is that copyright ownership is automatically created as soon as the work is fixed in some form of physical medium of expression. No publication, registration, or other action is required to secure copyright. However, it is recommended to register with the Copyright Office for the following reasons:

Establishes a public record of your ownership in the work
Registration is necessary before an infringement suit may be filed in court
Registration, within certain timeframes, makes available to the copyright owner statutory damages and attorney's fees in addition to actual damages and profits
Registration allows the copyright owner to record the registration with U.S. Customs to protect against importation of infringing copies.

It is recommended that you periodically review and identify potential copyrights that you or your business may own, such as designs, architectural plans, and computer code, and register each one with the U.S. Copyright Office so that you can maximize the benefits of your copyrights and enforce those rights in a lawsuit.

A trade secret may be any type of confidential information that gives your business an advantage over its competition who do not know or use such information. It can include formulas, patterns, compilations, program devices, methods, techniques or processes. Trade secrets have economic value because they are not general known or knowable and are reasonably guarded as secrets. Trade secrets can continue indefinitely until it is disclosed or discovered by someone who has not misappropriated it.

Secrecy is the primary difference that distinguishes trade secrets from other forms of intellectual property. Copyrights, trademarks, and patents are all based on publicly filed registrations that put the public on notice of the owner's rights. Trade secret laws do not protect against independent discovery, invention, or reverse engineering. While patents eliminate the need to maintain secrecy, most anything can be kept secret and there are limitations on what can be protected by a patent. Trade secrets may be better than patents when infringement may not be easily detected, making a patent difficult to enforce.

Your business should take steps to identify potential trade secrets and implement measures to ensure confidentiality of such assets. If your invention is eligible for patent or trade secret protection, then business considerations and the weighing of the relative benefits of each type of intellectual property must be done to protect that invention.

Other Important Considerations

Public disclosure, such as exhibits in tradeshows, sharing with friends, publications, social media can affect your IP rights. Disclosure can lead to a loss of IP rights. In the U.S., there is a one year grace period to file for protection after disclosure. But many foreign countries have no grace period, requiring absolute novelty at the time of filing. A good general rule of thumb is to keep

things secret and file for protection early. If there is any question on disclosure of IP to parties other than co-inventors, it is advisable to seek counsel from a patent attorney.

Licensing IP rights in and/or out may be necessary to get a product moving towards profit or to create revenue. Sometimes you will have to license in to avoid infringement. Sometimes licensing out may be a solution when there is a lack of funding or resources to move an idea towards profitability. Decisions on whether to license and to execute the licensing agreement itself require business considerations and weighing the relative risks and benefits.

DISCLAIMER: the above is NOT offered as legal advice but only as an educational resource. Legal advice is prudently rendered only after appropriate factual development and related consultation. Advice can change drastically based on even a subtle difference in facts or circumstances.