

Thinking Through an Intellectual Property Strategy: Avoiding Trouble in the U.S. and Overseas



James Housel
Attorney-Advisor
Office of Intellectual Property Policy and
Enforcement



Intellectual Capital

Intellectual Capital is knowledge that can be turned into profit*

Tangible Assets

Structural Capital: hard assets found on the balance sheet

- plants
- equipment
- buildings
- product inventories
- financial assets

Intangible Assets

Intellectual Capital

Human Resources
what walks out the door at the end of the day

Customer Capital
relationships

Intellectual Assets:
documented know-how

Intellectual Property:
patents, trademarks, trade secrets

* See **Profiting from Intellectual Capital**, by Patrick H. Sullivan, published 1998 by John Wiley & Sons, Inc.



Overview: U.S. IP Framework

- Federal System
 - Patent
 - Copyright
 - Trademark
 - ITC Exclusion Orders
 - Customs and Border Enforcement
- State System
 - State Trademarks/ Competition
 - Trade Secrets
 - Rights of Publicity
 - Contracts
 - Common Law Torts



IP: Basic Features

- **Property Rights**
- Most IP rights are **Territorial**
- Important **differences** between national systems
 - TM: 1st to file vs 1st to use
 - Patents: Grace period?
- **Enforcement** mechanisms; vary around the world



Patents

- A patent gives the holder the right to exclude others from making, using, selling, offering to sell and importing any patented invention.
- Processes, machines, compositions of matter, products



Trademarks

- Includes any word, name, symbol, device or combination , that is used in commerce to identify and distinguish the goods of one manufacturer or seller from those manufactured or sold by others and also to indicate the source of the goods. Trademark is a brand name.
- A service mark is any word, name, symbol, device or combination that is used, or intended to be used, in commerce to identify and distinguish the services of one provider from those of others, and to indicate the source of the services.

<http://www.techtransfer.umich.edu/resources/inventors/index.php>



Copyrights

- **The Copyright Act generally gives the owner the copyright the exclusive right to conduct and authorize various acts, including reproduction, public performance and making derivative works**
- **Covers literary, dramatic, musical, artistic and certain other intellectual works as well as computer software**
- **Available to both published and unpublished works**
- **Automatically secured when work is fixed into tangible medium such as a book, software code or video etc.**

<http://www.techtransfer.umich.edu/resources/inventors/index.php>



Trade Secrets

- Any valuable business information that is not generally known and is subject to reasonable efforts to preserve confidentiality.
 - Three Factors to maintain property right
 - Restrict access – need to know basis
 - Employee contracts require confidentiality of all business sensitive information
 - Confidentiality agreements with all third parties

<http://www.techtransfer.umich.edu/resources/inventors/index.php>



Educate Management and Employees

- Ensure basic understanding of trademarks, copyrights, patents, and trade secrets
- Train scientists/inventors in record keeping, patent application filing process
- Align management priorities in Intellectual Capital Strategy



Establish Policies and Procedures

- **Research**
 - Observations and experiments
 - Keep good records (lab notebook photographs/drawings with dates and witnesses, etc)
- **Pre-Disclosure**
 - Contact Tech Transfer
- **Invention Disclosure**
 - Disclosure Form
- **Assessment**
 - Search of prior users, prior publications
- **Protection**
 - Patent, trademark, copyright, trade secrets



Establish Policies and Procedures (cont'd)

- **Market**
 - Start-up
 - Existing Business
- **Licensing**
 - Contract between the rightholder and a third party in which the rights are licensed (without relinquishing ownership) for financial and other benefits
 - Creator's involvement is critical; knowledge, contacts, sustained effort and ongoing interactions with counterparts in licensing company often closes deal and leads to successful commercialization
- **Commercialization**
- **Revenue**
 - Incentives to creators/inventors (royalties/distribution, recognition program)



IP and IC: Best Practices



- Julie L. Davis Edison in the Boardroom Wiley & Sons 2001



Defensive

Objective

- IP viewed as a legal asset to create a defensive position and to obtain access to the technology of others

Best Practices

- Take stock of what you own
- Obtain IP while ensuring freedom to operate
- Maintain your patents
- Respect the IP rights of others
- Be willing to enforce



Cost Control

Objective

- IP viewed as a legal asset
- Reduce IP costs
- Refine and focus both IP creation and portfolio

Best Practices

- Relate patent portfolio to business use
- Establish an IP committee
- Establish a screening process and criteria
- Set detailed guidelines for patent filing and renewal
- Regularly and systematically review the portfolio to prune



Profit Center

Objective

- View IP as a business asset
- Begin to monetize IP
 - Tactical (non-core, non-strategic)
 - Low-hanging fruit

Best Practices

- Implement management ownership
- Organize to extract value
- Start a proactive licensing organization
- Develop advanced screening criteria



Integrated

Objective

- View IP as a business asset
- Leverage IP across the organization
- Utilize IP more strategically

Best Practices

- Align IP strategy with corporate strategy
- Manage IP across multiple functions
- Conduct competitive assessment
- Codify and share IP knowledge across company
- Focus on strategic value extraction



Visionary

Objective

- Use IC to stake a claim to the future
- Embed IC into the corporate culture

Best Practices

- Utilize the whole arsenal of IC strategically – identify, create and exploit trends in own industry to establish new rules of the game
- Institute a performance measurement and reporting system



Goal: Business IC Strategy

- **Visionary: Creation of new businesses with IC foundations**
- **Total Integration: IC Strategy with Business Strategy**
- **Complete alignment: R&D, agreements, patents, trade secrets, publications, marketing, customer relations, process implementation**



Protecting Your Intellectual Property Rights

*How do you protect your IP rights?
Take a Three-Step Approach!*

1. Identify IP
2. Secure IP
3. Enforce IP



Identifying Your Intellectual Property

STEP 1) *Identify IP*

- Conduct an “Internal IP Audit” to identify:
 1. *What is already protected?*
 2. *What else can be protected?*



Identify IP: Conduct an IP Audit

- Identify all registered trademarks and copyrights along with any patents and licenses
- Identify any trademarks or copyrights that are being used that may not be registered, as well as any business processes or inventions that are not patented
- Identify any IP being used that may belong to third parties and identify whether licenses are in place
- Identify IP that can be licensed
- Identify IP others may be infringing upon



Protecting Your Intellectual Property Rights

STEP 2) Secure IP

1. Confirm Ownership
2. Register/File for Protection
3. Maintain IP



Securing Your Intellectual Property

– Be aware of International issues

- Differences in national treatment
 - Protection
 - Enforcement
- Location of Markets
- Coverage of R&D
- Manufacturing including competitors, counterfeiters, pirates
- Distribution



Protecting Your Intellectual Property Rights

STEP 3) Enforce your IP

- Legal Options:
 1. Civil
 - State and Federal
 - Alternative Dispute Resolution (ADR)
 2. Criminal
 - Department of Justice
 - Police
 3. Administrative
 - Customs (Border Enforcement)



Cost Effective Enforcement Procedures

- Conduct a preliminary cost/benefit analysis
- Determine the strengths and weaknesses of the IP protections against the investment in development or defense.
- Consider sending a cease and desist letter
- Consider using a specialized law firm



Enforcing Your Intellectual Property Rights: Abroad

- Seek local support to enforce your IP rights:
 - Contact the local trade associations for your industry
 - Contact local Embassy in country
 - Contact local officials who enforce IP rights
- Hire a lawyer in the foreign market:
 - Should work jointly with your IP lawyer and foreign lawyer with local expertise
 - Protect and enforce IP rights based on local law



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USPTO Web Site



More information?



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TOP NEWS

Dr. Forrest Bird

John Doll

Louis Foreman

Hall of Fame Inventor Forrest Bird to Speak at Independent Inventor Conference

Space Limited...Register Now

Dr. Forrest Bird, whose invention of the "Baby Bird" respirator has saved the lives of millions of infants over the years, has joined the roster of speakers for the Chicago Regional Inventors Conference on July 28-29. Dr. Bird was inducted into the National Inventors Hall of Fame in 1995.

The Conference is co-sponsored by the United States Patent and Trademark Office (USPTO), Northwestern University School of Law and the National Inventors Hall of Fame. It will be held at the Northwestern School of Law, 375 E. Chicago Avenue.

Other speakers at the event include Commissioner for Patents John Doll and Louis Foreman, CEO of Enventys, a product design and manufacturing firm. Foreman is also executive producer of the upcoming PBS series, "Everyday Edisons." The series, which features the inventions of 14 independent inventors, will premiere in September.

Various USPTO experts will be on hand to conduct workshops and one on one meetings with attendees. The two days will be packed with vital information for both novice and seasoned inventors. Space is limited so register now. For more details on the conference and to register

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if either the Japan Patent Office (JPO) or the USPTO rules that at least one claim in an application is patentable, an applicant may request that the other office fast track the examination of corresponding claims in corresponding applications

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Questions?



James Housel

james.housel@uspto.gov

www.uspto.gov