



# IP Considerations for New IP Practitioners and Non-IP Attorneys

Co-Sponsored by NYIPLA and Hofstra Law School

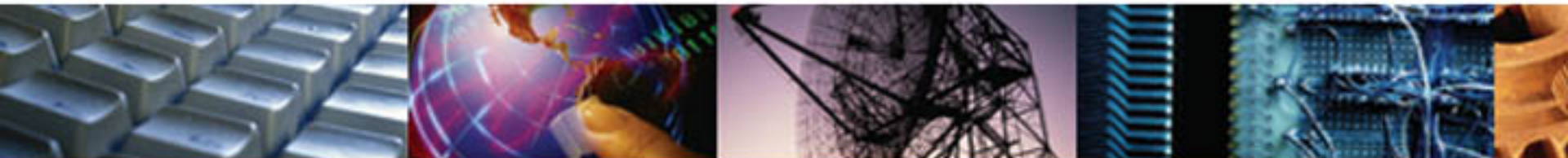
October 4, 2017

Moderator: **Irina Manta**, Professor of Law and Director of the Center for Intellectual Property Law, Maurice A. Deane School of Law at Hofstra

**Robert Rando**, The Rando Law Firm P.C.

**Philip Blum**, Vice President and Senior Counsel, CA Technologies

**Michael Sparling**, Vice President and Assistant General Counsel, 1-800-Flowers.com





# Intro to IP Law



# Types of IP Law

- **Patents**
- **Copyrights**
- **Trademarks**
- **Trade Secrets**
- **Likeness/Publicity Rights**



# PATENTS

- **Protect a broad range of inventions and designs, including processes, machines, articles of manufacture, and compositions of matter; and new, original, and ornamental designs for articles of manufacture**



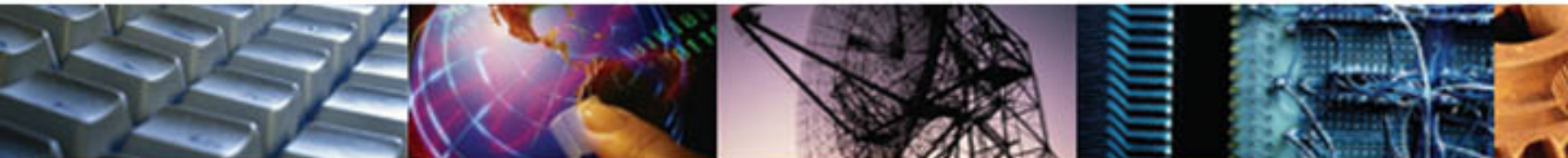
# PATENTS

- UTILITY PATENTS

- Right to exclude others from use, manufacture, sale or import of *useful, novel and non-obvious* invention for *twenty years* from date of application filed in USPTO

- DESIGN PATENTS

- Right to exclude others from use, manufacture, sale or import of *ornamental, novel and non-obvious* article of manufacture for fifteen years after issuance of Design Patent





# COPYRIGHTS

- **Protect works of authorship such as writings, music, works of art and performing arts that have been tangibly expressed.**



# COPYRIGHTS

- COPYRIGHTS

- Grants the *creator of a literary, artistic, musical, or other creative work* the sole right to publish and sell that work
- Term is *life of author plus 70 years after death* of author
- Key to Copyrights is *Originality*
- Must *originate from a particular author* and not from another



# TRADEMARKS

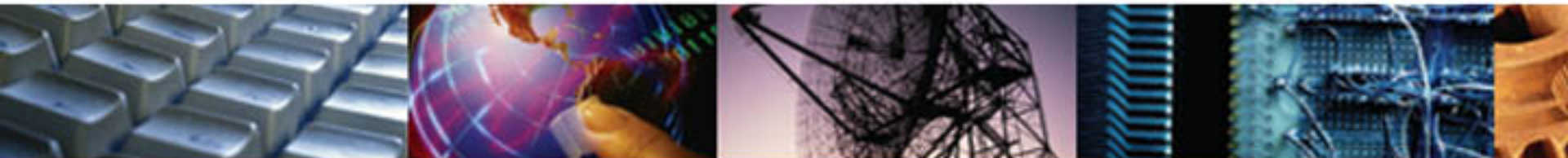
- **Protects words, names, symbols, sounds, or colors that distinguish goods and services.**





# TRADEMARKS

- Any word, name, symbol, or design, or any combination thereof, *used in commerce to identify and distinguish* the goods or services of one user from another and to indicate the *source of* the goods or services.
- Rights accrue *from date of first use* and duration is *for as long as it is used*
- Think “*Branding*”



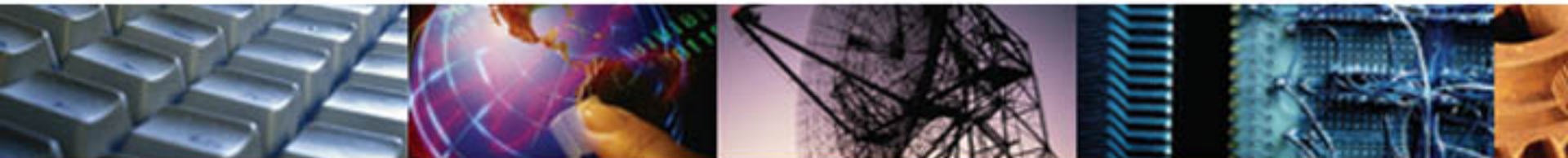
# TRADE SECRETS

- **Protects information (e.g., inventions, ideas, or compilations of data) that companies keep secret to give them a competitive advantage**



# TRADE SECRETS

- Any *useful formula, plan, pattern, process, program, tool, technique, mechanism, compound, or device* that is *not generally known or readily ascertainable* by the public
- Whatever type of information is represented by a trade secret, *a business must take reasonable steps to safeguard it from disclosure*



# Likeness/Publicity Rights

- **The Right of Publicity can be defined as the right to control the commercial use of one's identity**



# Likeness/Publicity Rights

- Likeness/ Publicity Rights are typically referred to as *name, image and likeness* and *vary by state*
- It is the *property interest* inherent in an individual's name, voice, signature, photograph, image, likeness, distinctive appearance, gestures or mannerisms
- While Likeness/ Publicity Rights *disputes usually involve celebrities*, majority view is that *the rights extend to every individual*, not just those who are famous





# Assignment/Transfer of Copyright and Trademark Licenses

- Chain of Title
- Assignment/change of control provisions in underlying grants
- Split ownership of existing IP
- Registration of assignment w/ USCO and PTO
- Copyright mortgages
- Termination/renewal term rights/recapture
- Note: “[A] patent holder cannot charge royalties for the use of his invention after its patent term has expired.” *Kimble v. Marvel Entm't, LLC*, 135 S. Ct. 2401, 2405 (2015).



# Mergers and Acquisitions

- Due Diligence:

See materials for a due diligence checklist

- Potential for inheriting infringement liabilities?

- Generally, when a corporation acquires another corporation's assets it is not liable for its debts. However, the transferee corporation is liable when “(1) the transferee of assets has made an assumption of liability (implied or explicit); (2) the transfer of assets is a *de facto* merger between the two corporations; (3) the transferee corporation is a mere continuation of the seller corporation; or (4) the transfer of assets was fraudulent.” *Feliciano v. Valsyn, S.A.*, No. 04-1809, 2006 WL 3718177, at \*4 (D.P.R. Dec. 12, 2006) (internal quotation marks omitted).

- Make sure IP ownership is clean (employee assignments, patent owners, etc.)



# Mergers and Acquisitions

- Due Diligence:
  - Target's outbound licensing obligations (customers, open-source)
  - Target's in-bound licensing rights (successor rights?)
  - Restrictive covenants
  - Treatment of source code



# Mergers and Acquisitions

- Integration:
  - Assignment of customer licenses (consents in advance)
  - Employee transition to new IP regime (work for hire)
  - Transfer of IP ownership



# Bankruptcy Matters

- Specific bankruptcy rules apply
- IP considered “property”
  - *Thompkins v. Lil' Joe Records, Inc.*, 476 F.3d 1294, 1308 (11th Cir. 2007) (holding that copyrights properly passed into music recording company’s bankruptcy estate and from there were legally assigned to rival recording company)
  - *Krebs Chrysler-Plymouth, Inc. v. Valley Motors, Inc.*, 141 F.3d 490, 497 (3d Cir. 1998) (Under Pennsylvania law, “[t]he ownership of a trade-mark has, in general, been considered as a right of property.... Trademarks are property, and franchises are licenses to use such property. Thus, under Pennsylvania law, these franchises are interests in property, and as such are property of the estate under section 541.”)





# Bankruptcy Matters

- Assignability of licenses
  - A debtor cannot assign a nonexclusive license without the copyright owner's consent
  - Under copyright law, "a nonexclusive licensee ... has only a personal and not a property interest in the [intellectual property]," which "cannot be assigned unless the [intellectual property] owner authorizes the assignment ...." *In re Patient Educ. Media, Inc.*, 210 B.R. 237, 242-43 (Bankr. S.D.N.Y. 1997) (citing references omitted).
  - An exclusive licensee does acquire property rights and "may freely transfer his rights, and moreover, the licensor cannot transfer the same rights to anyone else." *Id.* at 240.
- Rights of licensees when licensor in bankruptcy



# Corporate / Start-Ups

- Develop a strategy!
- Beware of early public disclosure of inventions
  - Disclosure by the inventor more than one year before applying for a patent application precludes patentability.  
35 U.S.C. § 102.
- Protect assets with IP (patent applications)
- Freedom to operate examination?
- Brand protection and trademarks/servicemarks.



# Labor and Employment

- Federal IP law and state-specific law apply.
- Employee agreements (work for hire, restrictive covenants, etc.)

See materials for model IP provisions for an employment agreement and employee exit acknowledgement

- Employer is considered author and owner of copyright in a “work made for hire”. 17 U.S.C. § 201(b).
- A “work made for hire” is “a work prepared by an employee within the scope of his or her employment” or “a work specially ordered or commissioned” in certain circumstances. 17 U.S.C. § 101.
- For a work specially ordered or commissioned, the parties must expressly agree in writing that it is a work made for hire. 17 U.S.C. § 101; *Armento v. Laser Image, Inc.*, 950 F. Supp. 719, 732 (W.D.N.C. 1996) (“The contract language expressly indicates that the specially commissioning party will have the copyrights of the author, and that writing was signed by both parties before creation of the work. As a result, this Court concludes the writing was sufficiently express to satisfy section 101(2)”), *aff’d*, 134 F.3d 362 (4th Cir. 1998).



# Day to Day Support

- A company's most valuable assets often intangible.
- Always ask: How can I protect this?
- Consider layers of protection – software example:
  - Trademark for name of product
  - Copyright for source code and supporting documentation
  - Patent for functionality
  - Protective license agreements (no derivative works, etc.)
- Defensive considerations (watch your competitors, monitor trademark register, etc.)



# Defend Trade Secrets Act of 2016

- Establishes a federal cause of action
  - “An owner of a trade secret that is misappropriated may bring a civil action under this subsection if the trade secret is related to a product or service used in, or intended for use in, interstate or foreign commerce.” 18 U.S.C. § 1836(b)(1).
- 3 year statute of limitations. 18 U.S.C. § 1836(d).
- District court may order seizure of property ex parte “in extraordinary circumstances . . . To prevent the propagation or dissemination of the trade secret.” 18 U.S.C. § 1836(b)(2)(A)(i).
- Remedies:
  - injunction, actual loss and unjust enrichment, reasonable royalty
  - for willful or malicious misappropriation: exemplary damages up to 2 times the compensatory damages, attorneys’ fees

