

Intellectual Property

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Presented by

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Agenda

- Introduction to Intellectual Property (IP)
- Trade Secrets
- Patents
- Patent Ownership
- Licensing Options
- What Are Investors Looking For Regarding Your IP?
- Patentability vs Freedom to Operate

Does IP Matter?

Survey of Fortune 500 companies estimated that from 45% to 75% of the wealth of individual companies come from their Intellectual Property Rights*

*http://www.wipo.int/sme/en/documents/valuing_patents.htm

Types of Intellectual Property

Copyrights

- Photographs
- Software
- Web pages
- Databases

Trade Secrets

- Secret Inventions
- Methods
- Customer Lists
- Tools

Patents

- Inventions
- Designs

Trademarks

- Brands
- Trade names
- Trade dress

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Patents and Trade Secrets

Trade Secrets and Patents

Both Patents and Trade Secrets Protect Ideas:

- New process
- New formulation
- New method of synthesis
- New software
- New device

Trade Secret or Patent?

Trade Secret:

- If invention **cannot** be easily discovered
- If the invention is not patentable
- Term—forever, if protected

Patent:

- If invention can be discovered or “reverse engineered
- Term—20 years from patent filing

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Trade Secrets

Trade Secrets

Types of Trade Secrets

- Business Information (not patentable)
 - Market information, customer list, personnel list
- Technology information (patentable)
 - Inventions, know-how, methods
 - Coke Formula

Protecting Trade Secrets

Duty of Reasonable Care

- No public disclosure
- Confidentiality agreements with all employees and consultants
- Appropriate firewalls and e-mail security
- Encrypted wireless communications

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Patents

What are Patents?

- Patents protect inventions
- Patents are country by country
- Patents are a governmental grant of rights to exclude others for period of years



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Donut Patent

I have a patent on my glazed donut. Can I sell my glazed donut?

Patentability vs Infringement

- Patents do not give an inventor the right to sell his/her invention.
- Patent gives you the right to exclude others from making, using, selling, importing and offer for sale your claimed invention.
- You may have a patent – but someone else may have a broader, dominant patent.

Types of Patents

Utility (most common)

- New, original, functional, invention

Design

- New, original, ornamental designs for articles of manufacture
- Protects appearance not functionality

Plant

- Distinct new varieties that reproduce asexually

Types of Utility Patents

Provisional Patent Application

- No claims required—but they should be included!
- Do not skimp on your provisionals.
- Secures filing date for 12-months

Non-Provisional Patent Application

- Claims priority to the provisional patent application
- Maintains priority date.

Patent Claim Categories

Process

Machine

Composition of Matter

Article of Manufacture

Patent Requirements

Useful

Novel

Non-obvious

Adequate Disclosure

Patent Application Process

- Get a patent attorney or patent agent involved.
- Application sent to the U.S. Patent Office.
- Patent Office sends an Office Action rejecting claims.
- Applicant responds with a claim amendments and arguments refuting the rejection.
- Patent Office agrees/disagrees.
- Interview with Examiner: get scientist involved.
- Allowance or Appeal.
- Grant of Patent.

Patent Ownership

- Each inventor owns equal and undivided interest
- All inventors must sign declaration stating that they are an inventor
- Inventors assign their rights to company or university
- Ownership rights may be then be licensed

Licensing Options

What type of license does company need?

- Exclusive vs. non-exclusive
- Geographic limitations
- Fields-of-use limitations
- Sublicense rights

Alternatives to a license

- Option agreement
 - Limited rights
 - Time-limited
 - Some cost
 - Pre-negotiate the license or license terms
 - Advantages
- Evaluation agreement
 - Fewer rights
 - Usually no cost
 - Advantages

Intellectual Property

**What Are Investors Looking
For Regarding Your IP?**

What Questions Do Investors Ask?

- How many patents and applications do you have?
- Are the patents properly assigned or licensed to the company?
- Do your patents cover your product(s)?
- Do the patents cover design-arounds by competitors?
- Are the patents valid?
- Does your company have Freedom to Operate?

Patentability vs Freedom to Operate

Patentability

- Is your invention patentable?
- Does it distinguish the prior art?

Freedom to Operate

- Does the sale or use of your invention infringe a patent?
- Is the patent valid?
- Can you get a license?

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Strategic IP Planning

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- **Business Strategy**
- **IP Strategy**

IP and Your Company

Establish an IP Savvy Culture

- Management, scientists, engineers, business development team and finance professionals all on the same page

Education and Communication are Key

- IP is a valuable asset of company
- Company has an IP strategy
- Employees are aware of the IP strategy
- Company is implementing the IP strategy
- Employees understand that following the IP strategy is critical to the company's success

Any Questions?

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