Agenda

- General Intellectual Property Issues for Founders/Overview
- Specific Issues for Trade Secrets, Patents, Trademarks, Copyrights
- Protecting/Commercializing Intellectual Property Through Agreements
Twin Goals of Intellectual Property Management

- Build Value (your IP)
- Avoid Infringement (3rd Party IP)
Contributions to Company Intellectual Property

- Founders
- Acquisitions
- Licenses

Foundations
- Internal Development
- Joint Ventures

Growth
- Open Source
- Merger/Sale

Exit
- IPO
Issues for Founding Team

- Conflict with Rights of Former Employers
- Assignment of Founders’ Rights into the Company
- Other Contributors?
- Third Party Rights
Categories of Intellectual Property

- Trade Secrets
- Trade Secrets
- Trademarks
- Trademarks
- Patents
- Patents
- Copyrights
- Copyrights
Trade Secrets
Trade Secrets

• Help Protect Secret Information

• Examples:
  – Formula
  – Source Code
  – Manufacturing Process
  – Customer List
Trade Secrets: Reasonable Measures

- Marking documents
  - Agreements

- Physical security procedures - sign in, badges, restricted visitor access, guards, locks, fences

- Data security
Trade Secrets: Caveats/Strategies

- Risk: Misappropriation/Taint

**Limitations:**
- Disclosure May Kill the Trade Secret
- Reverse Engineering and Independent Development
- General Knowledge and Skills of Employees - Cannot be Owned

**Strategies:**
- Agreements – clarify rights
- Protect secrets – reasonable measures
- Other IP
Patents
Patents: Subject Matter

- Apparatus
- Process
- Composition of Matter
- Design Patents
Patents: How Obtained

- File Application with Patent Office (PTO)

- Timeliness/Filing Date

- Patentability Requirements, E.g.:
  - Novelty
  - Nonobviousness
  - Description
Patents: Summary of Deadlines

- U.S. (Old) – First to invent. 1-Year grace period.

- Most Other Countries: Absolute novelty – file before invention becoming public. No grace period. Use your US filing date for priority.

Patents: Important Attributes

- “Hired to Invent” Difficult to Establish – Assignment Agreement Important
- May Cover General Methods
- Cover Independent Development
- Right to Exclude (not Right to Practice)
- Require Application (High Cost), and Issuance
- Filing Deadlines
Trademarks
Trademarks: Overview

- Mark is a word, name, phrase, symbol, design, or combination
- Identifies and distinguishes source
- Symbolizes goodwill of source
- Right to prohibit others from using same or confusingly similar mark
Trademarks: Subject Matter

Spectrum of Protectability

- **Generic** – “Apple” brand apple; escalator; aspirin
- **Descriptive** – “Park ’N Fly”
- **Suggestive** – “Mustang” for fast car
- **Arbitrary / Fanciful** – “Apple” for computer; “Kodak”
Trademark Protection

- **Common law rights**
  - Arising from use of mark in commerce
  - Endure as long as mark in use

- **Federal protection – Lanham Act**
  - Federal registration
  - Protection of unregistered marks
  - Protection of “famous marks”

- **State registration statutes**
Trademark Protection

- Federal registration rights are 10 year term
  - Renewable subject to proof of continued use
  - No time limit on renewal

- Loss of trademark rights by:
  - Abandonment or cancellation
  - “Naked” licensing without adequate quality control
  - “Genericization”
Trademarks: Some Caveats

- Secretary of State Business Name ≠ Trademark Clearance

- Domain Name ≠ Trademark Clearance

- Benefits of Securing Name Early / Avoid “Placeholder” Names
Copyrights
Copyright

- Works of authorship -- content + software
- Originality requirement (low standard)
- Covers expression not ideas
- Must be “fixed in a tangible medium of expression”
  - Cases say RAM is sufficient
  - Protected upon creation without formalities
Copyright Protection

- Notice: © 2007 John Doe - not required, but recommended
- Registration - not required (except to sue), but recommended
- Benefits include statutory damages, attorney’s fees, prima facie evidence
Copyrights

- Consultants – get proper agreement

- Be Careful with Work Made for Hire
  - Not Necessarily Applicable to all Employee Works
  - Has Adverse Consequences when Applied to Non-Employee Works

- Certificate of Originality; Establish Clear Ownership in Major Products

- Open Source – next slides
Open Source

- Intellectual Property Rights
  - Licenses under copyright
  - May include patent license or terms

- Use of Open Source
  - Viral Effect: GPL vs. BSD
  - No warranties: risk of tainted code
  - Incompatibility: divergent “flavors” of code
  - May be inconsistent with commercial proprietary software license
GPL Issues

- Pitfalls of GPL:
  - Must publish source
  - Third parties can make unlimited copies and distribute for free
  - “Viral” effect - if combined - entire program may become subject to GPL
  - Anyone who distributes a GPL program must have the necessary rights to distribute the code for free or cease distribution
Open Source Policies

- Working with Open Source
  - Knowingly licensing open source code
    - For commercial model -- conduct business/legal review first
  - Inadvertently using open source code
    - For commercial model company -- have policies re open source
Forms of Intellectual Property: Recap
Intellectual Property: Cost / Benefit

Protection

Cost

Copyright

Trade Secret

Trademark

Patent
Protecting/Commercializing Intellectual Property Through Agreements
Licensing Overview

- Additional In-Licenses
- University/Former Employer
- Founders (Assignment)
- Employees (Invent. Discl./Confid. Agts.)
- Products/Services
- Out-Licenses
Initial Assignment of Founders’ / Contributors’ Rights

- Assignment of Founders’ Rights for Initial Shares
- Invention Assignment for Assignment of Ongoing Rights
- Agreements - but the Assignor Can’t Give What it Doesn’t Have
- Right to Exclude vs. Right to Practice
Licensing

- What are the Licensed Rights (e.g., patents, copyrighted works, trade secret rights in technology/knowhow etc.)?

- What are the Licensed Products/Activities?

- What are the other terms (e.g., exclusivity, royalties, ownership, term, supply, support, warranty, indemnity...)?
Questions?
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