Intellectual Property

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Presented by
Michael R. Ward, Ph.D., J.D.
Morrison & Foerster LLP
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*  

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
Intellectual Property

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
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
Intellectual Property

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
Intellectual Property
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
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
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?
Intellectual Property

Strategic IP Planning
Intellectual Property

- 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?

Feel free to contact:

Michael R. Ward
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105-2482
Phone: 415 268-6237
mward@mofo.com