

Intellectual Property and Other Potential Legal Concerns for Consultants
(11:10am - 12:00pm)

This session will address the needs of consultants, particularly stressing pragmatic matters such as issue indicators, recent changes in the law that undermine long held beliefs, software and copyright issues, and legal service cost & options management.

Raymond Roberts is a 25 year IEEE member, joining during a 14 year career as an industrial engineer and continuing for 20 years as a registered patent attorney who advocates a holistic approach to intellectual property, including appropriate corporate formation and structuring, contract, copyright, trade secret, trademark, and patents. He is currently the PACE Chair, IEEE Foothill Section.

These materials are not individualized legal advice, each matter is fact-specific and these materials may or may not be relevant to any particular situation. This is public information and the personal views of the speaker, and is being presented for educational purposes and to promote dialog about American law, especially as it relates to intellectual property.

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Intellectual property (IP):

What it is "intellectual property"

The fruit of intellectual endeavor – ideas, expressions, etc.; and

Having property-like attributes:

Own able (controllable, defensible, assert able, etc.),

~ Value – to its owner or owners, or to others.

Consider the scope of what is owned, the tools available for control, and who receives or gives value.

Due to IP's intangible nature, scope is a major problem.

The tools unduly get the focus, and they will here too, presently.

In our society we have law, which people unfamiliar with tend to expect too much of.

Value is simple.

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The bottom line for consultants:

Consultants work with value. You usually know as much or more about value as an attorney does.

- If something has value to you or your client, owning that should be considered.
- If something has value to others and you or your client want to use it, other's ownership may have to be considered.

When do you need a lawyer? When you ask yourself that question, it is usually time, and hopefully not too late.

Lawyers are expensive, right? What will this cost? Mistakes can be far more expensive than lawyers; not all lawyers are "expensive"; and legal expenses can be managed with some reasonable efforts.

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Tool time:

You need some knowledge and vocabulary to work with IP, with others generally, and with intellectual property attorneys.

Patent: In IP, controls ideas.

Utility, design, plant, others ("patent" is simply old English for "open")

Copyright: Controls expressions

Trademark: Controls secondary meaning in the minds of consumers

Goods and services

Secret ("trade secret"): Controls what you know and others do not

Contract: Controls that are agreed to

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Patent (controls ideas):

A government grant of a monopoly in exchange for something (*quid pro quo*). The theory: discover and bring something to a country without it and you will be rewarded.

- In early industrial England, arduous and/or perilous travel to procure and return with useful technical know-how was rewarded by a royal grant of monopoly.
- In later industrial England, invention and enabling teaching were added and mere discovery and the physical effort and risks of foreign travel were dropped.
- In the early U.S., England's IP philosophy was adopted:

*To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;*¹

- In the 1880s countries started entering into treaties to control IP across borders (e.g., the Paris Convention and the Patent Cooperation Treaty (PCT))

¹ U.S. Constitution, Article 1, Section 8, Clause 8.

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The patent process in the U.S.:

File patent application(s); Prosecute the application(s); If successful, patent(s) granted; Optional, maintenance until expiration.

Utility patents:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title. ("patentable subject matter" 35 U.S.C. 101. Inventions patentable)

U.S. scope: Congress intended patentable subject matter to "include anything under the sun that is made by man"². Foreign scope: not so much, yet.

U.S. vocabulary: new ("novelty" 35 U.S.C. 102), useful ("utility" ?), non-obvious (35 U.S.C. 103), enabling teaching (35 U.S.C. 112), and bar date(s).

Foreign vocabulary: inventive step, technical improvement, industrial applicability, absolute novelty, grant, validation.

² *Diamond v. Chakrabarty*, 447 U.S. 303 (1980) a Supreme Court case dealing with whether genetically modified organisms are patentable.

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Provisional / non-provisional application for a process or "method," machine or "apparatus," [article of] manufacture, or composition of matter.

- A provisional application "provisionally" establishes what an invention is and when the inventor had it for up to one year during which a non-provisional application can be filed that claims benefit of the provisional application.

[Here be dragons!]

The term of a utility patent is 20 years from the date of the first non-provisional application. Subject to maintenance fees at 3.5, 7.5, and 11.5 years after issue.

An employer generally has rights, a general contractor also often does even without a formal contract.

"Ownership" has pitfalls for the unwary.

"Hard" examples to consider:

A software invention, such as a business method or a tax strategy.

A biological invention, such as an operation to improve vision or a gene.

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Design patent:

Covers the ornamental aspect of a functional item.

14 year term, no maintenance fees

Patent infringement:

Direct, induced, contributory³; Territorial

Making, using, selling, importing, offering for sale

If there has been any commercial use or public disclosure of an invention, consult a patent attorney ASAP. If there is anticipated commercial use or public disclosure, of any intangible that has value, consult an intellectual property attorney. If you are threatened or feel threatened by any assertion by another party about IP rights, consult an intellectual property attorney.

³ 35 U.S.C. 271: Infringement of patent.

(a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever offers ... sells ... imports into the United States a component ... constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer. ...

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Copyright (controls expression):

Vests at the time of creation.

Registration is a formality required to sue for infringement and to get some forms of damages. Self help works for copyright registration. The government fees are low and the procedures are relatively simple. Anybody who can handle an IRS form 1040EZ can handle most copyright registration formalities.

Infringement requires copying, of an expression – not merely of an idea.

Recite the mantra: "work for hire." Contracts covering copyrightable materials, *e.g.*, for subcontractor created software, must be in writing, signed, and explicitly recite these magic words.

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Trademark (controls secondary meaning in the minds of consumers):

Applies to goods and services.
 An assertion of origin or quality (not necessarily good quality, just consistent)
 In the U.S., a trademark is established by use of the mark in commerce (elsewhere, mere registration may be enough).
 Use alone establishes "common law" rights.
 Registration is available, including U.S. federal, state, and other registrations, and these provide various benefits.
 Self help sometimes works for trademark registration, but can be difficult and not cost effective.
 ™ vs. ®

Trade secret (controls what you know and others do not):

"Three may keep a Secret, if two of them are dead."⁴

⁴ Benjamin Franklin, Poor Richard's Almanack (1735).

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Contract (controls that are agreed to):

My definition: An agreement between two or more parties that creates for each an obligation to respectively do or not do a particular thing.
 Is/was there a meeting of the minds?
 Are the obligations enforceable?
 We use contracts everywhere.

Special contracts:

Licenses
 Non-disclosure agreements (NDAs)

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And now ... Other Potential Legal Concerns for Consultants:

As consultants, liability must be managed.
 Be proactive – 95% of the time people are not.

The corporation is a tool to manage liability, tax/effort, and control

Where possible, keep business and personal affairs separate
 Where not, pay special attention
 Example: Opting out of California's community property law.

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