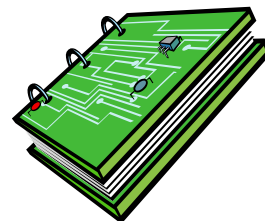


INTELLECTUAL PROPERTY (IP): THE BASICS



Disclaimer

NO LEGAL ADVICE

Nothing in this presentation is or should be deemed legal advice. Please consult an appropriate professional for your particular situation.

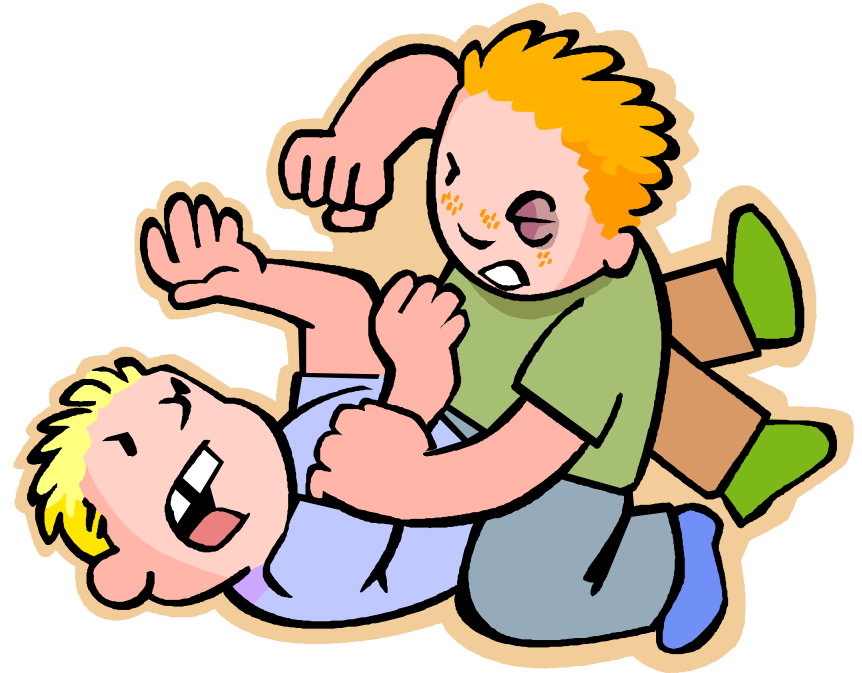
NO RECORDING

Recording this presentation is not permitted. AI notetaking tools are not allowed.



This Presentation Will Teach You:

- What is “IP” and why it’s **valuable** to your business
- How to **identify, protect and enforce** your own IP
- How to **avoid infringing** someone else’s IP



Topics Covered

- What Is Intellectual Property (IP)?
- Why Is IP Important?
- 4 Most Common Types of IP:
Copyrights, Trademarks, Trade
Secrets, Patents
- IP-Related Stuff
- Conclusion
- Questions



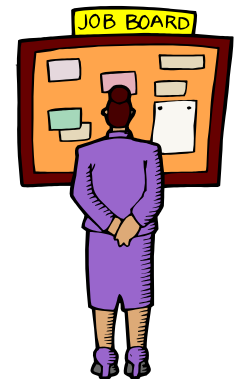
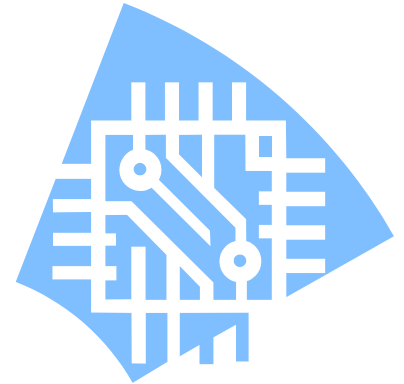
What Is “Intellectual Property” or “IP”?

- Property created “**with the mind**” and related legal rights
- Usually *intangible*
- Owners granted **exclusive rights**
- Protected by **federal, state and international laws**



Why Is IP Important?

- Inspires **creativity**
- Produces **Innovation**
- Increases **Competition**
- Generates **Revenue**
- Provides **Employment**
- Underlies **all creative artistic works**



What Are the Most Common Kinds of IP?

Copyrights

Trademarks

Trade
Secrets

Patents

COPYRIGHTS



What is a Copyright?



A set of 5 exclusive rights granted to:

- ***Copyrightable Subject Matter***
Can't protect ideas, facts, etc.
- An ***Original*** "Work of Authorship" (aka a "work")
Must be some **originality**
No copyright in telephone book listings
- Fixed in a ***Tangible Form***

What's a “Work of Authorship”?

Paintings

Photographs

Sculptures

Graphic Images

Murals

Music (words and
music)

Music sound
recordings

Books

Plays

Choreography

Computer source
code

Audio recordings

PowerPoint®
presentations

Videos

Mobile Apps

Video games/other
software programs

Education and
Training Materials

What Does “Fixed In a Tangible Form” Mean?

In a form you can ***perceive*** (CD-ROM; paper/electronic document, audio/visual recording)

In other words, “out of your head”

Copyright doesn’t protect ideas; it protects how they are *expressed*

What are the 5 Exclusive Rights?



Reproduce (copy) the work,



Create *derivative works* of the original work,



Distribute copies of the work to the public by sale, lease, or rental,



Perform the work publicly, and



Display the work publicly.

What Can't Be Protected?

Facts

Ideas

Procedures,
Processes,
Discoveries

Concepts

Simple
words/slogans



What Laws Grant and Protect Copyrights?

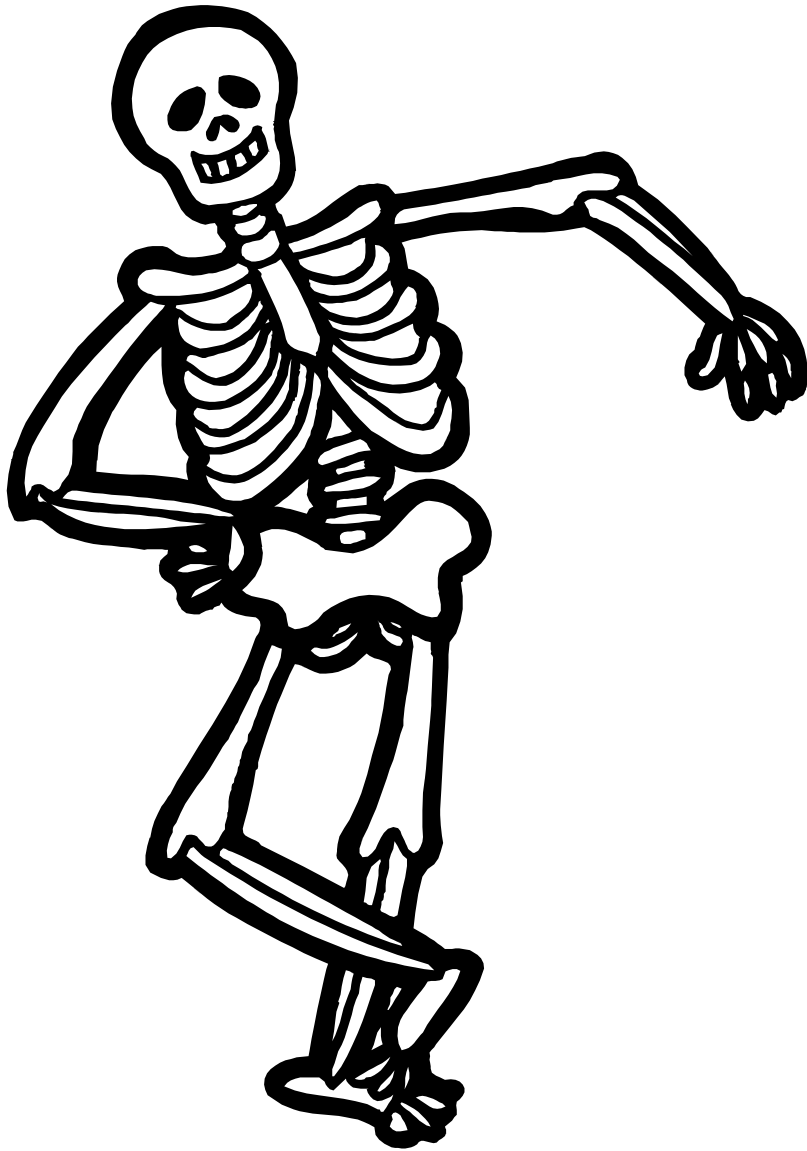
- **Federal Law:** 17 U.S.C. §101, et. seq.
 - “The Copyright Act of 1976, as amended”
- **Federal Regulations:** 13 C.F.R. § 201, et. seq.
- **Court Decisions** (aka “common law”)

Copyright law is **federal**; no state copyright law

When Does Copyright Protection Begin?

The minute the work is **created** and
fixed in a tangible form.

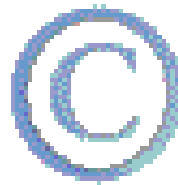




How Long Does Copyright Protection Last?

- Generally:
 - Author's **life plus 70 years**
 - Joint work: **70 years after last surviving author's death**
- “Works for Hire”: **95 years from publication/120 years from creation**, whichever is shorter
 - employees, some independent contractor works
- What happens after that?
 - **Public domain:** anyone can use the work any way they want
 - No permission needed
 - No copyright infringement

What Does the “©” Symbol Mean?



- ©: copyright **notice**
- Gives the world **notice** you're **claiming copyright**
 - Helps establish willful infringement
- Word or symbol, year published/created, owner, other info as desired
 - Example: **Copyright** 2013 EB Mediate
 - Example: © 2013 EB Mediate. All rights reserved.
 - Example: © **2010-2013** EB Mediate. All rights reserved.
- **Practice Tip:** Put a copyright notice on your materials.
- **Practice Tip:** Embed a copyright notice in your source code.



Is Copyright Registration Required For Protection?

- No, But:
- *Extra protection and rights*
 - **Statutory damages** (no need to prove actual damages)
 - **Presumption of validity**
 - **Public notice** of copyright claim (searchable database)
- Must Register to Bring a **Lawsuit**
- How to register? Go to copyright.gov

Who Owns the Copyright?

Depends on who created it, and why.

- **Single creator:** he/she owns it
- **2+ creators:** co-ownership if intent to create inseparable whole
- **Employees:** if created
 - During course and scope of employment: employer owns
 - Outside course and scope of employment: employee owns
- **Independent Contractors:** IC owns, unless:
 - A true “**Work Made for Hire**” under Copyright Act; or
 - **Written agreement** (ownership or assignment)
- **Inheritance:** will, etc.

What is a “Work Made for Hire?”

- Work Made By:
 - **Employee** during course/scope of employment
 - **Independent Contractor if:**
 - One of 9 works listed in copyright statute
 - Written agreement work is a “work made for hire”
- Why Are “Works Made For Hire” **Important?**
 - **Third party, rather than creator, owns the copyrights!**
 - Employer, hiring party owns

What is Copyright Infringement?

Violating one of the 5 exclusive rights

- Examples:
 - Copying and using software code w/o permission
 - Copying/reproducing someone's book, play, article, manual, music in your marketing materials w/o permission
 - Using graphics/pictures found on the web w/o permission
 - Selling all/part of someone's copyrighted work in your product without permission

What Are the
Remedies for
Copyright
Infringement?

- **Damages** (money)
 - Actual Damages
 - Statutory damages
 - Must register work prior to infringement, or 3 months after 'publication'
 - Disgorgement of Profits
- **Injunction** (court order to do/stop doing something)
- **Costs and Attorneys' Fees** in some cases (attorneys rub hands with glee!)
- **Destruction** of infringing products
- Litigation **expensive and time consuming!** Damages can be large!

What Are Some
Exceptions/Defenses
to Copyright
Infringement?

- **Permission** (get it in writing)
- **Ownership/Co-ownership**
 - Assignments must be in writing
- **Public Domain** (very old works)
- **“Fair Use”** (education, criticism, commentary, sarcasm)
 - 4 prong test, no bright line, ask a copyright attorney!
- **First Sale Doctrine**
- **Digital Millennium Copyright Act (DMCA) 1998**
 - ISP providers (YouTube, Facebook, Pinterest, Twitter);
 - notice and filing requirements

Common Copyright Myths

- **I got it off the Internet, so it's free and I can use it.**
 - No. It's likely protected by copyright and you need permission.
- **I gave the copyright owner credit or a "disclaimer," so I'm safe.**
 - Credit isn't enough! You must have permission or an exception.
- **I only used a small portion, say, a paragraph of an article, or just a few seconds of a song.**
 - Using a little bit doesn't necessarily mean you're safe.
 - Could be the "golden kernel" of the work

Common Copyright Myths, cont.

- **I helped someone else infringe, but I didn't actually do it myself.**
 - Contributory liability (you knowingly helped someone else infringe)
- **I'm just the employer; my employee did the infringing.**
 - Vicarious liability (you are liable for some else's acts based on a special relationship with the infringer)

Copyright Takeaways:

- Practice Tip: If it's not yours, **get written permission**
- Decide Ownership **Before** Creation
- Work Created For You/For Someone Else: **written contract**
 - Who owns
 - Assignment
 - reps & warranties
 - indemnification
- If you don't want to get permission, or you think an exception applies:
 - Talk to a **copyright attorney**



TRADEMARKS

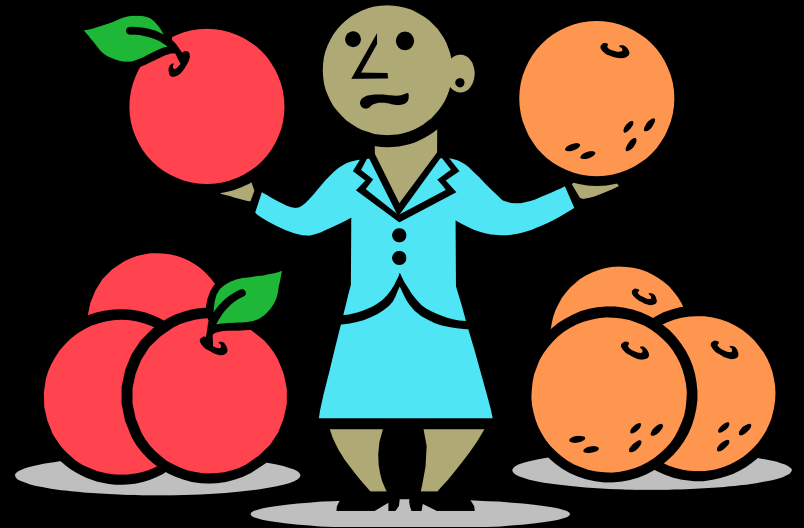
What's a Trademark?

- Words (Apple®)
- Phrases (“I’m Lovin’ it”™...McDonald’s®)
- Sounds (NBC® chimes)
- Colors (ebay® colors)
- Symbols/logos (Nike® swoosh)
- Trade dress (Campbell’s® soup can)
 - shape of Coke® glass bottle
- Combinations of the above
- **Used on/in connection with goods/services**



What Does a Trademark Do?

- Trademarks *identify* and *distinguish* the *source* of goods and services from those of others.
- Protects **goodwill** (business reputation)



An abstract network diagram on the left side of the slide. It features a complex web of interconnected nodes and lines. The nodes are represented by circles of varying sizes and colors, including dark blue, yellow, and grey. The lines are thin and grey, creating a dense, interconnected pattern that fills the left half of the slide.

What Cannot be Trademarked?

- Titles (exception: series)
- Descriptive trademarks
 - “Secondary meaning”
- Generic trademarks
- Deceptive matter
- Symbols protected by law
- Government Insignias
- Surnames
 - “Secondary meaning”

What Law Protects Trademarks?

- **Common Law**
 - Court decisions; “use” creates rights
- **California:** Model State Trademark Law (B&P Code §14200, et seq.)
- **Federal:**
 - Lanham Act (15 U.S.C. §1051, et seq.)
 - Code of Federal Regulations 37 C.F.R. §2.1, et. seq.
- **Treaties:** Madrid Protocol, others
- State and federal false advertising and cybersquatting remedies, too
 - “Cybersquatting”?



How Do Trademark Rights Arise?

- General Rule: *first to use* wins!
 - Even if other mark is *registered*
- Actual use, not intended use
 - Can't reserve trademark for future use
 - (federal "intent to use" exception)



How Long Do Trademark Rights Last?

Indefinitely, as long as you continue to use it as a trademark.



How Do I Select a Trademark?

Fanciful or Arbitrary Marks: Best

- *Fanciful*: totally made up (“Google,” “Exxon”)
- *Arbitrary*: common word; no connection to product
 - “Zebra” for tires;
 - “Camera” for software

Suggestive: Ok

- Hint of what product/service is but doesn’t really say
 - Sugar & Spice for baked goods

Descriptive: No

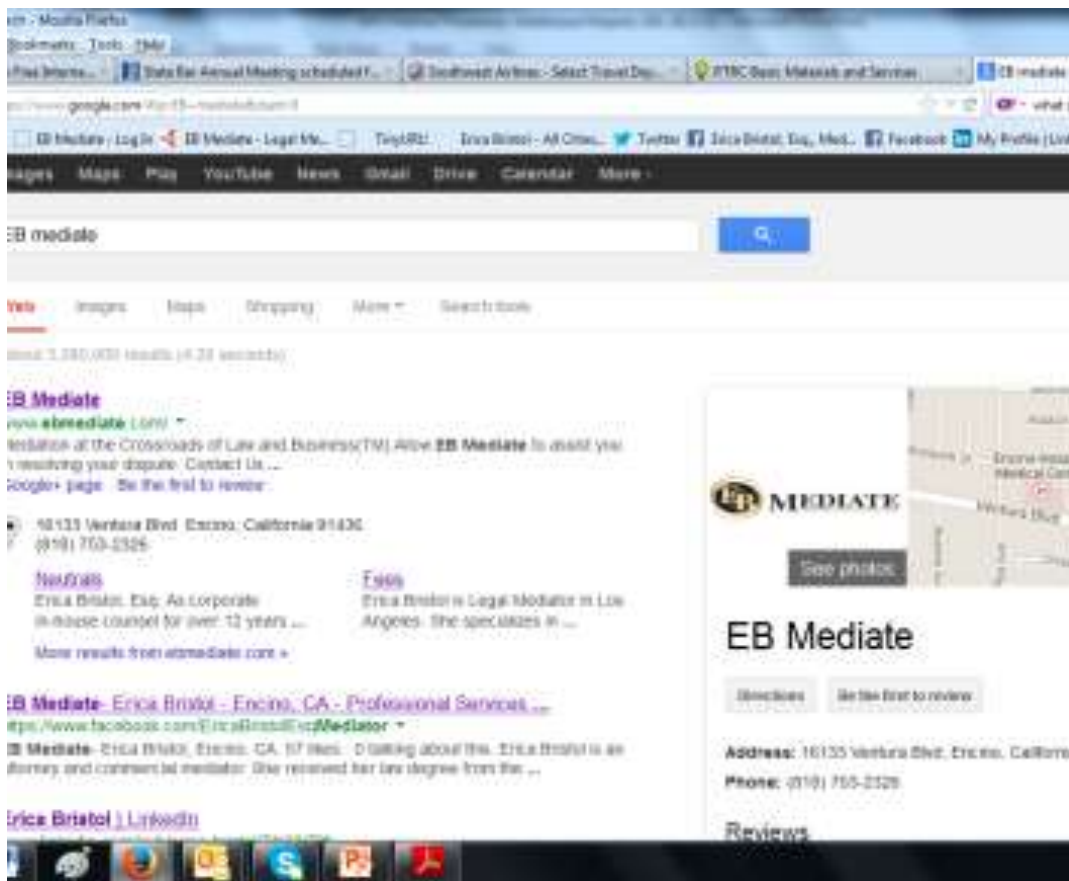
- Describes product/service (“speedy printers,” for printing services; “Delicious pies” for pie company)
- Couldn’t describe products without infringing someone else’s trademark

Generic: No

- Common word or phrase (“bundt” for bundt cake; “computer” for computer)
- Impossible to protect

Due Diligence:

Is Someone Already Using It?



“Sight, Sound, Meaning”

Practice Tip: Always do a “knockout search” first.

- **Internet** search
 - Firefox, Google (save a .pdf)
- **Domain** search
- Federal/state **Database** Search
 - uspto.gov; state databases
- Order a **search report**
- **Business Name** search
(opencorporates.com)
- Ask a **trademark attorney** to search for you

Why Register a Trademark?

Registration *not mandatory*, **but**:

Public notice

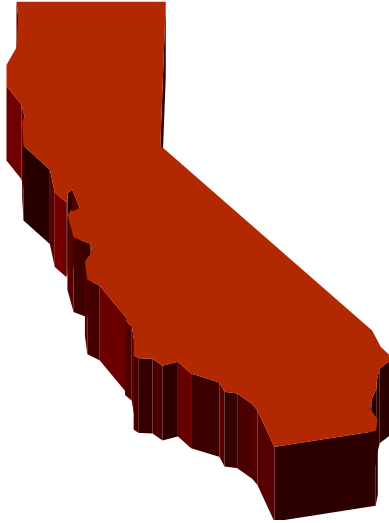
Prevents use by others

Presumption of validity

Treble (triple) damages, attorney's fees and costs

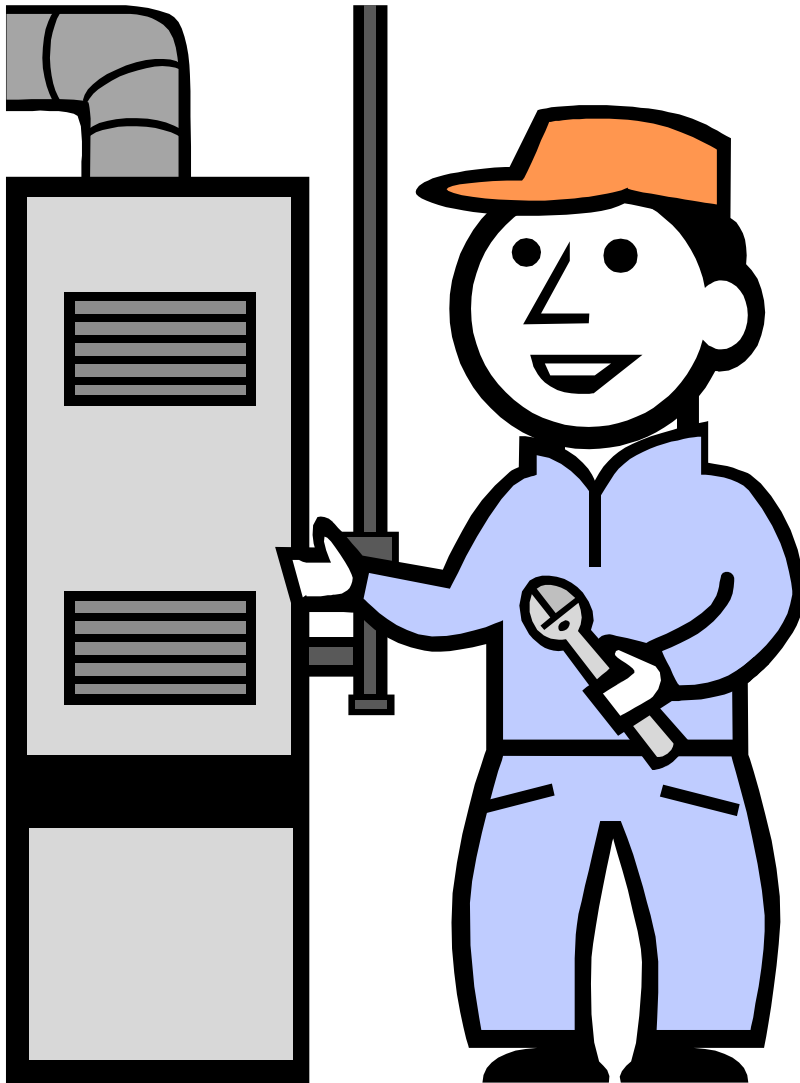
- Should I register my trademark?
 - Flagship vs. lesser product
 - Product/service lifespan
- State v. Federal
 - State: protection in that state only
 - Federal: nationwide
 - Consider geographic sales area
- No Registration: protection in geographic area where customers located





Registration

- California:
 - about \$70
 - Renew every 5 years
 - Goods/services sold in CA
- Federal:
 - Offers/sales across state lines
 - About \$350 per class of goods/services
 - Renew every 10 years
 - Administrative filing in years 5-6



How Do I Maintain My Trademark?

- **Actual Use**
 - Failure to use=abandonment
 - Federal presumption: 3 years
 - Consistent and continued use
 - Exception: seasonal products
- **Proper Use**
 - Failure to use as claimed: loss of protection
 - Graphic standards
 - Licensees must follow
- **Registration/Renewal**
 - Extra rights and protections

What's the Difference Between “tm”, “sm” and ®?

TM, SM and ® are trademark notices

- TM: trademark
- SM: service mark
- TM and SM can be used anytime, whether or not registered
- ®: trademark is ***federally registered*** with the United States Patent and Trademark Office!
 - ***Federally*** registered trademarks only
 - Registration must be **current**
 - Could be **fraud** if not currently registered!

What is Trademark Infringement?

- **Likelihood of Confusion:**
word/slogan/ logo the same/substantially similar to an existing trademark (consumer confusion)
- **Dilution** (very famous marks)-
reduces the value and strength of the famous mark
- **Improper Association** (looks like trademark owner endorsed or approved the product or the use of the owner's mark)

What are the
Remedies for
Trademark
Infringement?

- Damages
- Injunction
- Attorney's Fees (some cases)
- Seizure/Destruction of Goods

Can a Domain Name
Infringe on
Someone's Trademark?

Yes, if domain is
same/confusingly similar to
existing trademark

- Can trademark owner get domain? Depends.
 - Bad Faith: **Yes**.
 - “Cybersquatting”:
bad faith intent to try
and sell domain back
to trademark owner
 - No Bad Faith: **probably not**.



Trademark Takeaways

- Trademarks and goodwill are *intangible assets* on company books
- Customers identify and distinguish goods/services through **branding**
- **Search thoroughly** before using your trademark (domains too)
- **Protect** your trademarks!

Top Secret

TRADE SECRETS

What is a Trade Secret?

- Information that is:
 - **not generally known** to the public;
 - Confers **economic benefit** on holder
 - subject of **reasonable efforts** to **maintain** its **secrecy**.
- Examples:
 - Coca-Cola Recipe
 - KFC fried chicken recipe
 - Microsoft's customer list and pricing specifics
 - Unique business method of contacting/retaining customers





What Laws Protect Trade Secrets?

Federal:

- 18 U.S.C. 1831(a): theft of trade secrets to benefit foreign powers
- 18 U.S.C. 1832: theft of trade secrets for commercial or economic purposes (criminal law)
- 18 U.S.C. 1836 – “Defend Trade Secrets Act” (civil law)

California:

- California Uniform Trade Secrets Act (Civil Code §3426 et. seq.) (“**CUTSA**”)

Common Law (court decisions)

Other State Laws (e.g. unfair competition laws)

How Long Does Trade Secret Protection Last?

Indefinitely, so long as it remains a trade secret of the holder.





How do I Protect My Trade Secrets?

Practice Tip: make sure all trade secrets are kept confidential.

- Company Policy
- Confidentiality Agreements aka “NDAs” (EEs and ICs)
 - Remind after relationship ends
- Good business practices
 - Shredding confidential documents;
 - Not openly available on network; passwords
 - Restricting access to “need to know” folks

Trade Secret Takeways



KEEP TRADE SECRETS
CONFIDENTIAL

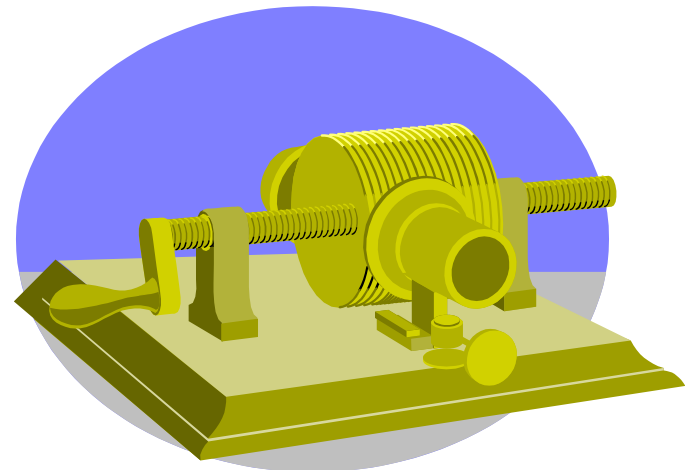


DISCLOSE ON A “NEED
TO KNOW” BASIS



MAKE SURE EES AND
ICS COMPLY

PATENTS



What is a Patent?

An exclusive right granted by the U.S. Government “...to **exclude others** from making, using, offering for sale, or selling” an **invention** in the United States and **importing** the invention into the United States.

Why Are Patents Valuable?

- Innovation
- Competition
- Creativity
- Commerce





What Laws Protect Patents?

- **U.S. Constitution Article I, Section 8:** “Congress shall have power . . . 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.”
- **Federal Laws:** 35 U.S.C. § 100, et. seq.
- **Federal Regulations:** 37 C.F.R. §1.1, et. seq.
- **Treaties**
- **Common Law** (court decisions)

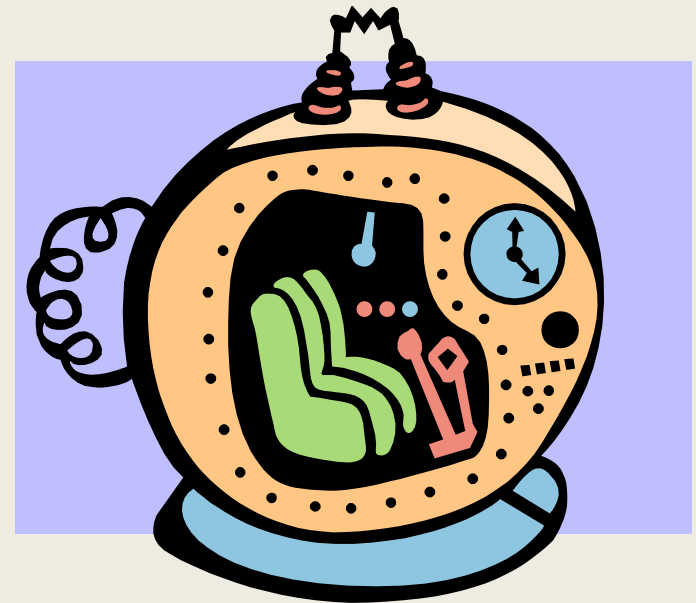
Patent law is **federal**; no state patent law

What Can Be Patented?

Any **new** and **useful**
process,
machine,
article of manufacture,
composition of matter,
or any **new** and **useful**
improvement thereof.

New: not already
existing/patented

Useful: must have some use;
low threshold





Any Other Requirements?

- **Non-obviousness:** can't be deduced by a person with ordinary skill in the relevant field.
 - “Prior art”: existing knowledge of the industry
- **Adequately described/enabled** (for one of ordinary skill in the art to make/use the invention)
- **Claimed** by the inventor in **clear and definite terms**

What Can't be Patented?

- Laws of nature
- Physical phenomena
- Abstract ideas (“idea” without a material form)
 - The “idea” of renewable energy, rather than specific process for creating a renewable energy source
- Literary/dramatic/musical/artistic works
- Offensive to public morality
- Invention publicly disclosed or offered for sale **more than a year** before application filed (**VIP**)
- Consider protecting as a “trade secret”



Three Types of Patents

1) Utility

- Machines
- Articles of manufacture
- Methods (processes)
- Compositions of matter (chemicals)
- Improvements to above

2) Design

- new, original, and ornamental design for an article of manufacture
- the *appearance* of useful objects.
Does *not* cover the **function** or construction of the object.

3) Plant

- invent/discover and asexually reproduce any distinct and new variety of plant.

What Is A “Provisional Patent Application”?

- “Placeholder” application
- Often used to secure investors, funding for startups
- Benefit: early filing date protection
- Less formal than standard application
- Must be converted into standard application within **one (1) year**
- Basic Elements:
 - specification (summary of invention/ drawings)
 - one or more claims
 - an oath
 - filing fees

How Long Do Patent Rights Last?

- **Utility and Plant:** 20 years from application date (not the grant date)
- **Design:** 15 years from grant date
- What happens after that?
 - **Public domain**-anyone can use without permission or payment.



Patent Notices

- Gives world notice you have/applying for a patent
- **“Patent pending”**: application is pending before USPTO
 - no real legal affect
 - Deters infringement
- **“Patent”** or **“pat.”** followed by registration number: invention has a patent
 - Failure to provide notice: damages may not be available
- **“False Marking”**: fraud/misrepresentation
 - liability

Who Can File a Patent Application?

- The inventor: person(s), not companies
 - Employee: assigns to employer
- A representative *on behalf of* the inventor
 - Patent attorney
 - Patent agent
- Patents/application rights can be *assigned*
- How long can it take? Years
- How much can it cost? Typically 5K to 100's of Ks
 - depends on complexity of invention
- Searches: uspto.gov

What is Patent Infringement?

Someone exercised an exclusive right without permission of patent holder

Remedies

- Litigation in federal court
- Injunction
- Damages (treble); no less than reasonable royalty
- Attorney's fees; costs

Patent litigation is expensive!



Other Patent Stuff

- America Invents Act (AIA)-significant changes to patent law
 - U.S. now “First to File”
- Non-Practicing Entities (NPE’s or “Patent Trolls”)
 - Owns patent and sues for settlements, never exploits invention
 - Vermont, 14 other states taking action
 - Copyright trolls, too
 - Fair to call them trolls? Some disagree.
- SSO’s, FRAND

Patent Takeaways

- Practice Tip: keep inventions confidential until patent application has been filed (use NDAs)
- Application process: **time consuming & expensive**
- Patents emerging as one of **biggest revenue generators**/expenses for business (licensing and **litigation**)
 - Ask Apple and Samsung!
- Consult **patent attorney or patent agent**



IP and Artificial Intelligence (AI)

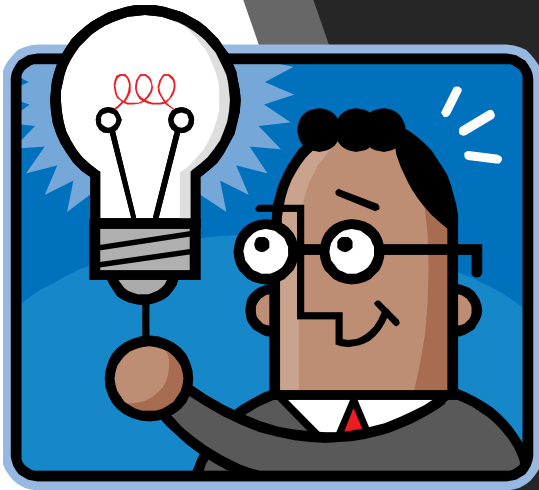
- Generally, if 100% created with AI, no legal protection
- AI should *assist*, not replace creator
- Contract Issues
- Enforcement Issues
- Employee/independent contractor issues
- Laws rapidly changing, court cases affecting outcomes

IP-Related Stuff



- Contract Terms
- California Labor Laws
 - Labor Code Section 2870
 - Unemployment Insurance Code Sections 686, 621(d)
 - Individual ICs, not corps or LLCs
- Employee Handbook/IP Policy
- Insurance
- Litigation/Arbitration/Mediation
- Bankruptcy Code 365(n)

Conclusion



- IP:
 - Underlies all technology.
 - Is a valuable asset.
 - One of greatest revenue generators in the U.S.
 - Keeps your business competitive and innovative.
 - Litigation can be expensive, and time consuming.

So:

- Protect/enforce your IP;
- Don't infringe on the IP of others; and
- Consult an appropriate professional for help.

Resources

- Copyright: copyright.gov
 - Circulars: <https://www.copyright.gov/circs/>
- Trademark/Patent: uspto.gov
- Trade Secret: see federal/state laws
- International: wipo.org
- Domains: icann.org
- California law: leginfo.ca.gov

Questions?

Upcoming SBDC Noon Legal Webinars

- **October 8:** “Buy-Sell” and Other Co-Owner Agreements: The Basics
- **October 15:** Commercial Leases-The Basics
- **October 29:** Drafting and Negotiating Contracts: The Basics (with live negotiating activity)
- **November 5:** Webinar - I Filed the Articles, Now What? Next Steps for Running a Corporation (Part I)
- **November 12:** Webinar - I Filed the Articles, Now What? Next Steps for Running a Corporation (Part II)
- **November 17:** Webinar - I Filed the Articles, Now What? Next Steps for Running a Corporation (Part III)

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