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All the law in this presentation is that of the United States. Topics are selected which are of interest to new companies, with a special focus upon ownership and duration of intellectual property.

Patents

Introduction

A patent gives the owner of the invention (which could be an assignee or the actual inventor in the United States) the right to exclude others from using, selling, importing or producing the invention in the United States.

However, the owner (patentee) may not be able to actually use, produce or sell the invention if it contains a component which is owned by a third party.

A patent is not necessary to sell or manufacture a product or method in the United States,

However, then a third party can fraudulently patent your invention and drive the true owner from the market.

Many reputable companies will not buy or license an invention unless it has patent or copyright protection.

Without a patent, the owner/patentee cannot sue for infringement.

A patent is useful for defensive purposes if a third party accuses the true owner of the invention of misappropriation and theft.

Types of Patents

1. Utility patent: provides a complete technical written description of the invention, as well as how to use and produce it. There are generally diagrams and/or drawings to accompany the text, unless the invention is strictly chemical.
2. Design patent: provides protections for ornamental designs upon manufactured articles. There is no original technical text description, but there are several drawings of the article displaying the design from several views.
3. Plant patent: protects asexually reproducing plant varieties

Requirements for patentability in the United States

The invention must be a composition of matter, article or device of manufacture, or method.

Page 2 of presentation, Fall 2005

The invention also must be new, non-obvious, useful, and operable.

Improvements to previously existing methods, devices, and compositions of matter are also patentable, as long as the improvement is new, useful, non-obvious, and operable.

New combinations of old components can also be patentable

An offer to sell, sale, display in the United States, description in a printed publication, or filing for protection in a foreign country, triggers a one-year filing period.

The applicant must file for patent protection during this period to preserve his or her rights in the United States.

Many countries do not have this one-year grace period, and these activities immediately bar filing.

The applicant must disclose all information to the patent office which affects the patentability of the invention, and of which the applicant is aware.

A United States patent does not protect inventions in other countries.

Patentability is not equivalent to marketability.

Sections of the United States utility patent

A. Title page with: inventor, patent number, date of issue, prior art citations, filing date, serial number, and examiner,

B. Abstract

C. Background of the Invention

Includes a discussion of previously existing devices, methods, mixtures, etc. and why the pending invention solves a problem which the existing inventions failed to address.

D. Summary of the Invention

Gives an overview of the major features of the invention, as well as the purposes and new advantages.

E. Brief description of the drawings

F. Detailed description of the invention, including best mode and the preferred embodiment

Includes the detailed written description of all the features of the invention, as well as how to use and produce the invention.

If necessary, there are also reference numerals which correlate to reference numerals within drawings of the invention.

Page 3 of presentation, Fall 2005

G. Claims

Claims are long sentences which describe the invention in a broad range of specificity.

The less specific the claim, and with less features, the more protection there is for the invention.

The more specific and detailed the claim, then the protection is narrower, because there are more features which must be copied for infringement.

H. Drawings (depends upon type of invention)

I. Tables and Charts (optional)

Substantive Requirements for the U.S. Patent Application

A written description of the invention which technically supports the claims.

The written description must also enable a person skilled in that particular art to create and use the invention with only the information within the patent application, and without undue experimentation.

The written description must disclose the best version of the invention at the time the application is filed, whether it be a device, composition of matter, or method.

No additional information can be added to the application after filing. Similarly, substantive inaccuracies of information such as numeric values, dimensions, color and components cannot be corrected after filing.

The only manner in which to add the information is to file another application.

Inventorship

Inventorship is not equivalent to ownership in the United States patent law.

Inventorship requirements

a. Conception:

a. Defined as the definite and permanent idea of the complete and operative invention.

For an idea to qualify as a conception, one must consider as evidence, the attempts to construct, for example, a machine; and

b. Reduction to practice, either actual (working prototype for example), or constructive (filing of a utility patent application which adequately describes and claims the invention).

Page 4 of presentation, Fall 2005

In the United States, whoever is first to invent is entitled to the patent. This rule is unlike the law in most countries where the party who is first to file is entitled to the patent.

To determine priority of inventorship in the United States there is a procedure called an interference, in which the patent office determines who was first to invent based upon:

- a. the earliest date of conception and;
- b. diligence by
 - actually reducing the invention to practice (producing a working prototype, for example); or
 - constructively reducing the invention to practice (filing a patent application in the United States patent office.)

In practical terms this means the inventor should file an application quickly after conceiving and finalizing a working model (because the invention must be operable patent validity).

Otherwise, another party may obtain priority by filing an application, even if that party conceived of the invention after the first inventor, because the first inventor abandoned, suppressed, concealed the invention, or did not reduce the invention to practice in a timely manner.

Joint inventorship

Joint inventorship without transfer of ownership from the original inventors:

each inventor owns an equal undivided interest in the invention as well as the application and patent claiming the invention. Under these circumstances:

(i) One joint inventor/owner can personally operate under the patent to the exclusion of the others, even if his contribution to the invention is smaller.

(ii) The joint inventor/owner can also transfer his right to operate under the patent to others to the exclusion of the other joint inventors.

(iii) All these rights automatically exist in the absence of an agreement among the joint inventors to the contrary.

Page 5 of presentation, Fall 2005

Incorrect inventors listed on patent application

In the United States, the patent must identify the true inventors for the patent to be valid.

The original inventor is the natural person who acquired or synthesized the knowledge from his thoughts and mental informational input, rather than acquiring this previously organized knowledge from another.

2. The person who conceives the claimed invention is the inventor, while a third party can reduce the invention to practice under the inventor's direction.

The conceiver's title of invention is not defeated because he uses the services, aid or ideas of third parties

The work of reduction to practice does not make one an inventor, unless deviations from the original conception are required and solutions are provided by other parties.

5. Inventorship

Inventorship in the United States incorporates legal requirements which cannot be changed by agreement between parties.

--Potential inventors should understand inventorship law well before the time that the patent attorney for the company selects the individuals designated on a patent application.

---In the United States, the applicant must file a patent application in the name of the true inventor(s).

--- The owner of the application must then file additional papers to establish ownership and the right to control its prosecution in the patent office.

----For correction of inventorship on a patent application or patent, the inventors and/or owners must proof due diligence and absence of deceptive intent.

---Incorrect inventors designated in a patent results in patent invalidity.

Ownership

Employment

1. An Illinois employment contract cannot validly transfer ownership of an employee's inventions to the employer if the employer

- (a) did not supply equipment, supplies, facilities or trade secret information; and
- (b) the invention was developed entirely during the employee's own time

unless

the invention relates to

- (i) the business of the employer, or
- (ii) (ii) the employer's actual or demonstrably anticipated research or development;
or
- (a) the invention results from any work performed by the employee for the employer.
765 ILCS 1060(2).

2. Even in the absence of an enforceable contract, the Illinois employer has a non-transferable right to produce and use any invention in its business for which an employee has used company time, resources or knowledge to create (known as a 'shop right').

3. Small entity status and shop rights

--- There are two categories of patent office non-attorney government fees: small entity and non-small entity.

--- Non-small entity fees are twice the amount of small entity fees.

Small entities include:

Not for profit organizations

Sole independent inventors and

Private for profit businesses with less than 500 employees.

- (a) If a small entity transfers, or has an obligation to transfer, rights to his invention to his employer, and
- (b) the employer is a non-small entity,

then the small entity loses its small entity fee status.

Example:

An independent inventor uses his employer's time, resources and information to develop a new saline solution as a liquid buffer ingredient for intravenous drug deliveries to

patients. This independent inventor was not hired to develop new buffer ingredients and actually works in the accounting department. Furthermore, there is no provision in his employment contract which obligates him to transfer ownership of work-related inventions to his employer. His employer is a medical supplies company which employs more than 500 persons and which develops liquid buffer ingredients as one of its products.

Result: This independent inventor loses his small entity fee status, even though the employer only has a shop right, and does not own the invention.

Page 7 of presentation, Fall 2005

In employment situations:

Be sure not to confuse ownership of an invention with a shop right to an invention.

Be aware that someone who is designated as an independent contractor for tax purposes is not necessarily a non-employee.

The determination of employee status for purposes of intellectual property rights is more influenced by who controls the individual and his work than tax status.

This interpretation of employee also applies to other federal law such as fair employment practices: the complainant must qualify as an employee before he or she can seek that law's remedies.

Individuals who are employed by government agencies, and who develop work-related inventions, are generally not eligible for small entity non-attorney government fees. The exceptions are individuals who received federal money from certain programs and grants.

Equitable ownership

In Illinois, equitable ownership of an invention and patent application results when a shareholder, corporate or company officer or partner who is also an inventor, uses company resources to develop and prosecute a United States patent.

Example:

Inventor is an individual natural person- corporate shareholder in X Corporation, an Illinois corporation [hereinafter referred to as "X Corp."]. One other natural person is the second corporate shareholder [hereinafter "SCS"]. Inventor and SCS each own 50% of the stock of X Corp.

Inventor develops an invention with X Corp.'s time, money, materials, and while supported by his salary from X Corp. He consequently files and prosecutes a patent application for this invention in the United States Patent & Trademark Office. He pays

his attorney fees, government fees, and other non-attorney fees and costs with X Corp.'s checks. After a patent issues, Inventor pays maintenance fees with X Corp. checks.

Result: Inventor remains the record applicant/patentee/owner of the patent. However, X Corp. is the equitable owner of the patent, because inventor used its resources to develop the invention, and then prosecute and maintain the resulting patent. SHS is entitled to copies of all correspondence relating to the patent and invention. SHS may also be entitled under Illinois corporate law, to participate in corporate decisions relating to the patent and invention, as are the corporate officers and directors.

Page 8 of presentation, Fall 2005

Transfer of Ownership

1. While an inventor must be a natural person, an owner may be a corporation or partnership.
2. An assignment is the transfer of all or an undivided share of the common law and statutory rights throughout the country.
3. The term "undivided interest" refers to the right to make, use and sell of ALL the claims.
4. Most other transfers are licenses, which we will not discuss in depth .

Duration of a patent

1. For a utility patent: Twenty years from the date of filing the application, or twenty years from the date of filing the original parent application for a divisional, continuation, or continuation in part application.
2. Unless the applicant files a request for non-publication of your application at the time of initial filing, the application will be available to the public approximately 18 months after the filing date.

Note: A request for non-publication is only available to applicants who do not file for invention protection in foreign countries.

4. Maintenance fees for utility patents must be paid every 3.5 years, 11.5 years, and 13.5 years after issuance of a patent, to maintain enforceability.

5. A design patent has a lifespan of 14 years from issuance.

Filing in other countries without a foreign filing license and prior to filing in the United States Patent & Trademark Office

The U.S. Patent Office reviews each filed application for national security purposes.

If the government does not grant a foreign filing license within six months of filing an application in the United States, then the applicant may file abroad without it.

Page 9 of presentation, Fall 2005

If necessary, the applicant may require a foreign filing license prior to filing in the United states.

If the applicant files abroad before filing in the United States and without a foreign filing license, he or she can apply for one retroactively by establishing no deceptive intent.

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Trade Secrets

Requirements

Under Illinois law, a trade secret is information, including but not limited to, technical or non-technical data, a formula, pattern, compilation, program, device, method, technique, drawing, process,....
that

- (1) is sufficiently secret to derive economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use; and
- (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. 765 ILCS 1065/2(d).

Unlike patents, novelty is not required. However, as with patentable inventions, trade secrets are often combinations of previous devices and methods.

The idea need not be complicated; it may be intrinsically simple and nevertheless qualify as a secret unless

- (1) it is already generally known in the industry or
- (2) readily accessible from a public or well-known source in the industry.

There are both traditional and computer security measures for protecting trade secrets.

A trade secret which is disclosed in a patent, U.S. copyright certificate or a published patent application, loses its trade secret status.

Often a business must decide whether to resort to trade secret protection, or patent protection for a single device or method.

How confidential information loses its trade secret status

Examples:

(add these)

A trade secret misappropriation is the basis of a lawsuit and monetary recovery (and maybe criminal penalties). If a trade secret loses its confidentiality, there is no legal remedy unless there is a contract (and therefore no financial compensation except for the conventional contract remedies).

Ownership

(look this up in treatise)

Page 8 of presentation, Fall 2005

1. Illinois Trade Secret Act
2. Confidentiality, non-compete, non-disclosure agreements with outside third parties, agents, independent contractors and employees: best to have these in place for confidential information and know-how which may not meet the requirements for trade secret status under the federal statutes of Illinois Trade Secret Act.

Copyright

Subject matter and scope

1. Copyright law protects “original works of authorship fixed in any tangible medium of expression”
2. Includes without limitation and not exclusively:
 - a. Literary works
 - b. Musical works(and accompanying words
 - c. Dramatic works
 - d. Pictorial, graphic and sculptural works
 - e. Audiovisual works
 - f. Sound recordings; and
 - g. Architectural works;
3. Copyright does not protect ideas, processes or concepts which have not been reduced to a tangible form, and then only the tangible form is protectable.

4. A complete copyright in the United States includes the following rights:
- a. reproduce the work
 - a. distribute the work
 - b. perform the work publicly
 - c. display the work publicly
 - e. prepare derivative works
 - f. for sound recordings, perform publicly by means of digital audio transmission

Ownership

- 1. The actual creator of the work is the first owner. In the United States, for copyright protection there is no need for a copyright notice, publication or registration. However, there are big gaping exceptions to this rule.**
- a. Works created by employees which are within the scope of their employment belong to their employers.

Page 9 of presentation, Fall 2005

b. Works for hire are:

- (1) works prepared by an employee within the scope of his or her employment; or
- (2) a work specially commissioned for use as a contribution to (a group of nine statutory categories), if the independent contractor and commissioning party expressly agree in a signed written agreement that the work is a work made for hire.

c. The selection of the proper category requires determination of whether the person creating the work (commissioned party) is an employee or an independent contractor.

(1) In close cases, request that the commissioned party sign a work for hire agreement.

(2) There are numerous factors in determining whether the commissioned party is an independent contractor, but the most important are

(i) control of the commissioning party over the work; and

(ii) control of the commissioning party over the commissioned party.

2. A transfer of copyright ownership can be made by written agreement, oral agreement, or by operation of law, such as a will or trust. Part of copyright ownership can also be transferred, such as the right to distribute and produce on behalf of a book publisher. (check the oral agreement requirements)

3. Ownership of a tangible item does not automatically convey copyright in that item.

Example: professional photographer takes a photograph of a customer and the customer receives a print of the image. The photographer owns the copyright to the photograph image, and not the customer, who cannot reproduce and distribute the photograph without the photographer's permission.

Lifespan of a copyright in the United States

1. Natural life span plus 70 years after 1989
2. works for hire: different time span