

## INTELLECTUAL PROPERTY & *Life Sciences*

### Essential Intellectual Property Strategies

Ten ways to protect intellectual property, increase asset value and leverage business potential

By Richard A. Catalina Jr.

Whether they know it or not, all businesses — companies large and small, “mom and pop” operations, partnerships and individual proprietorships and marketers — create intellectual property (IP). It is in their services, products, names and brands. It is vested in the relationships with clients, customers, distributors and staff. It is embodied in their marketing strategies, markets and advertising. As part of any business’ strategic planning, the protection, enforcement and exploitation (maximum value enhancement) of its IP must be duly considered.

While not an exhaustive treatise, the following strategies comprise a fundamental “must do” starting point.

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#### Confidentiality/Non-Disclosure Agreements

Whether a business employs one individual or one hundred, chances are employee(s) will have certain access to various levels and amounts of information concerning the nature and operations of the business, which may or may not be part and parcel of an employee’s duties. The information accessed may be highly confidential, or it may be less sensitive. Regardless, all internal information concerning the nature and operations of the business belongs to the business. To ensure that business information stays with the business and is not disclosed to potentially harmful third parties, every employee must be required to read and sign a legally valid confidentiality or non-disclosure agreement (NDA), whereby all information — regardless of the level of sensitivity — gleaned by the employee must be kept confidential and may not be disclosed to any third party for any reason.

#### Assignment of Intellectual Property

As with an NDA or confidentiality agreement, each employee must be required to read and sign a legally valid assignment of intellectual property. Don’t kid yourself — your business doesn’t have to be a Fortune 500 research-and-develop-

ment company to need this level of protection. Consider an employee who develops a unique marketing system, but subsequently resigns only to take up residence with a competitor — with the know-how in head. A legally valid assignment ensures that whatever is created by an employee during the scope of employment *automatically* belongs to the business.

#### Protection of Trade Secrets

A trade secret is a critical, proprietary and commercially advantageous piece of business information that *must* be kept secret in order for the business to maintain its commercial advantage over its competitors. What differentiates trade secrets from general “know-how” is that trade secrets must present a commercial advantage, are not commercially known or readily ascertainable and are the subject of efforts to keep secret. Trade secrets are not registered with any government authority; otherwise, they would lose their secrecy.

To qualify for trade secret protection, the owner of the information needs to take reasonable precautions to keep the information secret. Such precautions include:

- Marking information as confidential
- Using non-disclosure agreements
- Restricting distribution and
- Immediately recovering unauthorized

distribution of the trade secret.

### Register All Copyright Materials

Copyright is a form of protection provided by the laws of the United States to the authors of “original works of authorship.” This protection is available to both published and unpublished works and covers works that are fixed in a tangible form of expression. The fixation need not be directly perceptible so long as it may be communicated with the aid of a machine or device. No publication or registration or other action in the Copyright Office is required to secure copyright. However, there are definite advantages to registration. In light of the relatively simple procedure for registration, copyright material of any value should be registered with the U.S. Copyright Office.

### Register Trademarks and Service Marks

A trademark is a word, phrase, symbol or design — or a combination of words, phrases, symbols or designs — that identifies and distinguishes the source of the goods of one party from those of others. A service mark is the same as a trademark, except that it identifies and distinguishes the source of a service rather than a product.

Trademarks of any value should be registered with the United States Patent and Trademark Office (USPTO). Although you do not need to register a trademark to establish rights based on legitimate use of the trademark, owning a federal registration on the Principal Register confers numerous logistic, strategic and legal advantages, such as:

- Constructive notice to the public of the registrant’s claim of ownership of the trademark;
- A legal presumption of the registrant’s ownership of the trademark and the registrant’s exclusive right to use the trademark nationwide on or in connection with the goods/services listed in the registration;
- The ability to bring an action concerning the trademark in federal court;
- The use of the U.S. registration as a basis to obtain registration in foreign countries; and
- The ability to file the U.S. registration

with the U.S. Customs Service to prevent importation of infringing foreign goods.

In addition, after five consecutive years of exclusive use of the trademark covered by the registration, you may file for incontestability status, thereby barring any legal challenges by a third party to the trademark and its registration. This is a substantial legal benefit; yet, it is rarely secured.

### Work-for-Hire Contracts

A “work for hire” is appropriately a matter of copyright law. As a matter of copyright law, the creator of a work is the owner of the work at the moment that the work is fixed in a tangible medium. When dealing with third-party contractors, as opposed to employees, the third-party contractor is the copyright owner of any works created through the performance of the contractor’s service for a business.

Despite the law, ownership in the work may vest in the party paying for it (i.e., the business) if there is a separate work-for-hire contract signed by the parties, wherein they expressly agree that the work shall be considered a work made for hire. Since there are many nuances to works made for hire under the copyright law, please consult an appropriate expert, as any such legal analysis is highly fact sensitive.

### Obtain Utility Patents

Patents are a government-issued form of protection for new, useful and nonobvious inventions. The right conferred by the patent grant is “the right to exclude others from making, using, offering for sale, or selling” the invention in the United States or “importing” the invention into the United States. What is granted is not the *affirmative* right to make, use, offer for sale, sell or import, but *only* the right to *exclude others* from making, using, offering for sale, selling or importing the invention.

What may be patented? New and useful processes, machines, manufactures or compositions of matter, or any new and useful improvements thereof, are patentable subject matter.

Patent prosecution is beyond the scope of this guide. However, despite the cost of obtaining a patent, the value of holding the patent monopoly may be extraordinary.

### Obtain Design Patents

In the U.S., there are three types of patents: utility, design and plant. A utility patent is the typical invention patent on new, useful and nonobvious inventions and discoveries. However, designs are also patentable — at substantially less expense — and this protective device is relatively unknown by many. When a utility patent cannot be obtained on an invention, a design patent should be considered. Admittedly, design patent protection is inherently narrower in scope; yet, it is a formidable, bona fide level of protection and should not be overlooked.

### Website Documentation

Proper website legal documentation is not only necessary for liability purposes, but it also serves as an IP protection device and enhances the overall value of the business behind the site. Consider a Web-based business that has not utilized properly crafted legal documentation, instead doing what many do: lifting the legal documentation from someone else’s website. In most cases, such documentation is inadequate; at worst, the documentation is totally inapplicable and leaves the website owner unprotected. Not only does this create serious liability issues, but in the event a business owner attempts to sell the business after a few successful years, the buyer will surely seek to discount the purchase price as a result of potential existing contingent liabilities arising from improper site documentation.

### License, License, License

We now arrive at the pinnacle of the intellectual property world: your business has created such immense value in its IP that others want to pay you to use it. However, in order to reap this prime opportunity, you must have faithfully, diligently and effectively implemented all of the previous nine strategies. The adage that “one reaps what one sows” applies with perfect precision to intellectual property strategies. One may only license that which has value. The greater the value of the intellectual property, the greater the licensing opportunities. Licensing is the most effective leverage there is and it can grow your business. ■