

INTELLECTUAL PROPERTY AND GOVERNMENT LICENSING ISSUES



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- Specializes in intellectual property law and technology transfer issues
- FLC Patent and Licensing Advisor
- Former Chief Patent Advisor for the U.S. Air Force and Manager of Air Force Intellectual Property Division
- Co-author of *Technology Development and Transfer: The Transactional and Legal Environment* and numerous papers on intellectual property and technology transfer
- Received FLC Outstanding Service award
- Taught numerous courses in intellectual property law
- Active in numerous technology transfer, patent, and licensing organizations
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OVERVIEW

- Intellectual property
 - Definition/examples
 - Trade secrets
 - Patents
 - Copyrights
 - Trademarks/service marks
 - Trade names
- Government licensing
 - Definition
 - Types of licenses
 - Licensing technology



INTELLECTUAL PROPERTY

- Formal definition
 - Intellectual property is an intangible or proprietary asset such as a patent, copyright, trademark or trade secret
- My definition
 - Intellectual property is a protectable development of the mind

EXAMPLES OF INTELLECTUAL PROPERTY PROTECTION

- Trade secrets
- Patents
- Copyrights
- Trademarks

TRADE SECRETS

- Used to protect important business information that a business does not want to disclose to the public
- Effective only if kept confidential
 - Do not release trade secrets without a nondisclosure agreement
 - Always place appropriate marking on trade secret information (e.g., Proprietary Information, Not for Public Release)
- Last indefinitely as long as they are kept secret

WHAT IS A U.S. PATENT?

- Grant by the government to provide individuals with legal protection for their discoveries (inventions)
- Article 1, Section 8, of the U.S. Constitution states that Congress is empowered 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"
- Covered by federal law (Title 35 of U.S. Code)

RECENT CHANGES TO PATENT LAW

- First-inventor defense to patent infringement
 - Limited to methods-of-doing-business patents
 - Effective November 29, 1999
- Patent term guarantee
 - Adjustment to patent term
 - Effective May 29, 2000
- Domestic publication of patent applications
 - If application will be published abroad
 - Provisional rights based on publication
 - Effective November 29, 2000
- Optional interparties reexamination
 - Opportunity to third-party requester
 - Effective November 29, 1999
- Provisional application
 - Effective June 8, 1995

LIFE AND EXCLUSIONARY RIGHT OF A UTILITY PATENT

- Patent applications filed after June 8, 1995—20 years from effective filing date
- Patent applications actually filed before June 8, 1995 or patents in effect on June 8, 1995—The longer of either 20 years from the effective filing date or 17 years from the issue date
- Patent owner given the right to prevent others from making, using, offering for sale, selling, or importing the claimed invention within the U.S.
- Process patent owners also given the right to prevent others from importing a product obtained from patented process

TYPES OF PATENTS

- Utility
 - Process (method)
 - Machine
 - Article of manufacture
 - Composition of matter
 - Improvements on all of the above

- Plant

- Design



HOW TO APPLY FOR A PATENT

Generic overview of patent application and provisional application process provided in *FLC Technology Transfer Desk Reference*

WHO IS ENTITLED TO A PATENT?

- To obtain a patent, individual(s) must be original and first inventor
 - Invention must be conceived
 - Invention must be reduced to practice (actual or constructive)
- Must file a patent application

CONDITIONS FOR PATENTABILITY

- Invention must be:
 - Novel
 - Useful
 - Non-obvious
- Statutory bars against obtaining patent set forth in 35 USC 102
- Examples
 - Unrestricted printed publication more than 1 year prior to filing patent application
 - Public use or on sale in U.S. more than 1 year prior to filing patent application

FOREIGN PATENTS

- Patentability based on absolute novelty
- Applicant need not be inventor
- Filing of foreign applications
 - Directly in foreign country
 - Under regional patent systems
 - Under Patent Cooperation Treaty (PCT)
- Foreign applications must be filed within 1 year of U.S. provisional/patent application filing date

COPYRIGHTS

Provide individuals and companies with legal protection for a wide variety of works of “authorship”

- Literary
- Musical
- Dramatic
- Pantomimes
- Choreographic
- Pictorial, graphic and sculptural
- Audiovisual
- Sound recording
- Computer databases and software

COPYRIGHTS (Cont.)

- Copyright protection
 - Occurs upon creation
 - Lasts for the life of the author plus 70 years
 - For “works for hire,” lasts 95 years from publication or 120 years from creation, whichever expires first
- Copyright registration
 - Not required
 - Beneficial when taking infringement action
- Copyright ownership resides with:
 - Author
 - Employer when work for hire

TRADEMARKS

- Provide protection for words or symbols or combination used by manufacturer or merchant to identify source of goods
- Become effective when used on goods in commerce
 - Federal registration—interstate commerce
 - State registration— intrastate commerce
- Protection lasts indefinitely
 - If properly used
 - If renewed

SERVICE MARKS

- Provide protection for words or symbols or combination identifying services rendered by a business
- Covered by trademark laws
- Become effective when used to advertise service
- Use in commerce not required

TRADE NAMES

- Used to identify name under which an organization does business
- Not federally registered



OVERVIEW OF GOVERNMENT LICENSING

WHAT IS A LICENSE?

- A contract between licensor and licensee
- Licensor grants to licensee the right to practice the technology claimed in the licensed patent
- Licensor agrees not to sue licensee for infringing licensor's patent



TYPES OF LICENSES

- Exclusive
- Partially exclusive
- Non-exclusive
 - Note: Government makes license subject to the irrevocable royalty-free right of government to practice, for governmental purposes, or have practiced, for governmental purposes, the licensed invention.



LICENSING FEDERALLY OWNED INVENTIONS NOT MADE UNDER A CRDA

- Submit a license application to the appropriate federal agency
 - **Include a plan for developing and/or marketing invention**
- Nonexclusive license
 - **Agency grants license**
- Exclusive or partially exclusive license
 - **Notice published in federal register**
 - **Objections may be filed**
 - **Determination made by agency to grant license**



TYPICAL LICENSING TERMINOLOGY

- Preamble: **type of license, parties, effective date**
- Recitals (whereas clauses): **Sets forth background**
- Definitions
- License grant
- Royalties
 - **Up-front payment**
 - **Running royalty**
 - **Topping payments**
 - **Sub-licensing payments**

TYPICAL LICENSING TERMINOLOGY (Cont.)

- Assess the value of the claimed invention
 - **Major breakthrough**
 - **Improvement**
 - **Apparatus/method**
 - **Software**
- Establish impact of royalty payments on licensee
 - **Cost of development**
 - **Market potential (profitability)**
- Type of license
 - **Exclusive**
 - **Nonexclusive**

TYPICAL LICENSING TERMINOLOGY (Cont.)

- License restrictions
 - **Field of Use**
 - **Area of use**
 - **Length of time**

- Method of royalty payments
 - **Lump sum**
 - **% of sales (profits/net/gross)**
 - **Minimum payments**
 - **Fixed sum/unit**
 - **Fixed sum/use**

TYPICAL LICENSING TERMINOLOGY (Cont.)

- Impact of other agreements on license
 - **Technical assistance**
 - **Use of facilities**
 - **Other intellectual property licenses**
 - **Cooperative agreements**



TYPICAL LICENSING TERMINOLOGY (Cont.)

- License period
- Licensee's performance
 - **Best effort**
 - **Manufactured substantially in the U.S.**
- Sub-licensing and royalty sharing
- Patent marking and non-endorsement



TYPICAL LICENSING TERMINOLOGY (Cont.)

- Reservation of rights
 - **Subject to other licenses in force at time of agreement**
 - **Subject to irrevocable, royalty-free right of government to practice for governmental purpose or have practiced on behalf of the government the licensed invention**
- Representations and warranties
 - **Licensors do not warrant validity of patent licensed**
 - **Licensors do not warrant that licensed patent will not infringe other patents**
- Progress reports



TYPICAL LICENSING TERMINOLOGY (Cont.)

- Infringement/Litigation
 - **Licensee may be granted power to enforce**
 - **Sharing of royalties**
- Maintenance fees
- Technical assistance
 - **Under CRDA**
- Export controls