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Capturing Value Before It Floats Away:
A Chat about Intellectual Property

Presented to:

CAROLINA FINTECH HUB – Triangle Chapter

About the Speaker

Jason Gardner is a partner with Kilpatrick Townsend's intellectual-property department. He helps established and start-up companies acquire intellectual property, monetize IP assets, manage IP-related risks associated with developing and releasing new products, and assert IP rights. A registered patent attorney, he is experienced in appeals to both the Federal Circuit Court of Appeals and Patent Trial and Appeal Board, establishing and implementing IP procurement programs, conducting IP due diligence, and performing portfolio evaluations.

Jason's technical experience builds on his electrical and computer engineering background by broadly covering many electrical, software, and mechanical areas, including wireless telecommunications, FinTech, healthcare IT, image processing and projection, Internet applications, semiconductor devices, medical devices, energy production, hydrocarbon extraction, financial services software, predictive modeling, construction machinery, and autonomous vehicles.

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Importance of Intellectual Property

- Often the most important and valuable asset of an early stage start-up or any tech company.
- Sophisticated investors and acquirers will scrutinize IP – identification, confirmation of ownership, encumbrances, etc.
- Capturing IP in real time, as it is created, and documenting it, will increase value for investment and acquisition.

Types of Intellectual Property Protection

- Patents – Protecting Inventions and Designs

- Copyrights – Protecting Works of Authorship, including Software Code

- Trade Secrets – Protecting Know-How and Business Knowledge

- Trademarks – Protecting Brands

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What is a Patent?

(12) **United States Patent**
Woolston

(10) **Patent No.: US 8,392,273 B2**
(45) **Date of Patent: Mar. 5, 2013**

(54) **MARKETPLACE PAYMENTS**

(75) Inventor: **Thomas G. Woolston**, Alexandria, VA (US)

(73) Assignee: **eBay Inc.**, San Jose, CA (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: **13/399,633**

(22) Filed: **Feb. 17, 2012**

(65) **Prior Publication Data**

US 2012/0150689 A1 Jun. 14, 2012

Related U.S. Application Data

(60) Continuation of application No. 12/890,193, filed on Sep. 24, 2010, which is a continuation of application No. 09/166,779, filed on Oct. 6, 1998, now Pat. No. 7,937,312, which is a division of application No. 08/554,704, filed on Nov. 7, 1995, now Pat. No. 5,845,265, which is a continuation-in-part of application No. 08/427,820, filed on Apr. 26, 1995, now abandoned.

(51) **Int. Cl.**
G06Q 30/00 (2012.01)

(52) **U.S. Cl.** **705/26.1**; 705/26.3; 705/26.4

(58) **Field of Classification Search** .... None
See application file for complete search history.

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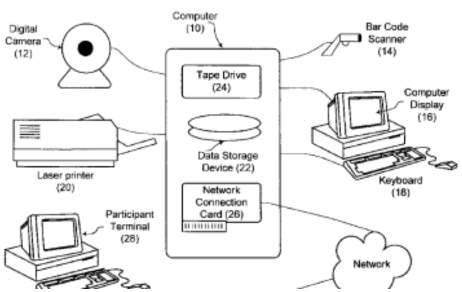
(Continued)

Primary Examiner — Gregory Johnson

(57) **ABSTRACT**

Described herein is a virtual marketplace via which buyers and sellers can conclude transactions for the sale of goods and services. To facilitate payments for goods and services, and to encourage use of the marketplace, the system facilitates the establishment of interest bearing accounts, via which a buyer can fund transactions.

18 Claims, 13 Drawing Sheets



- A right to exclude others from making, using, selling, or importing a patented invention by the first to file for the invention.

- An invention is a new and non-obvious solution to a technological problem.

- Limited term: about 20 years from filing.
- (Design patents protect ornamental designs for about 15 years from issuance).

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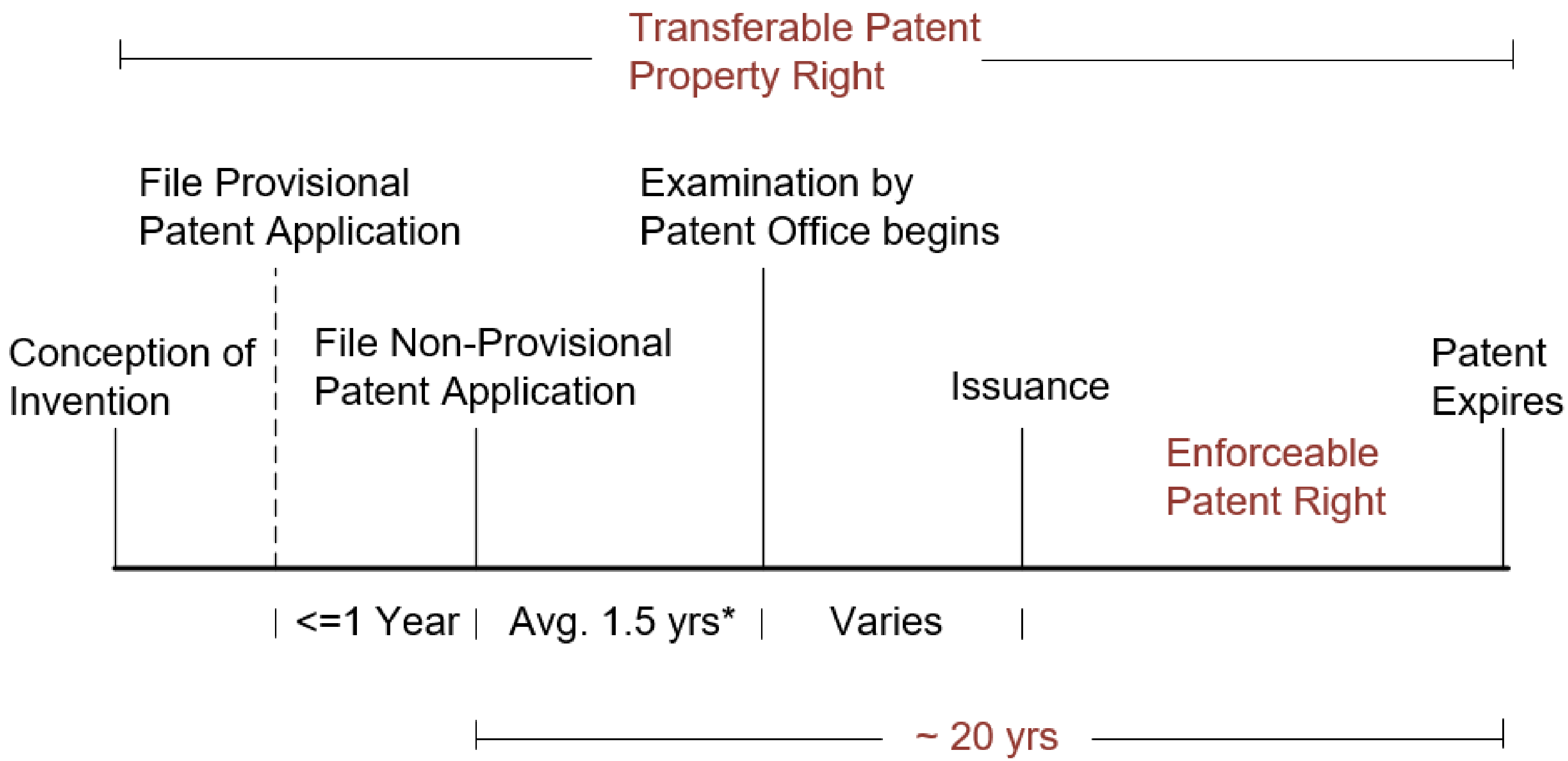
A Patenting Timeline



*Can be decreased using certain strategies

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Patent Tips

- Overcoming a technical hurdle suggests there is an invention to be considered for patenting.

- After solving a problem, technical people often view the solution as obvious and discount the opportunity to patent it. But the solution could still be validly patented.

- Document ownership of inventions – employment agreements, vendor agreements, and patent assignments (all executed) and record latter with patent office.

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Patent Tips (Continued)

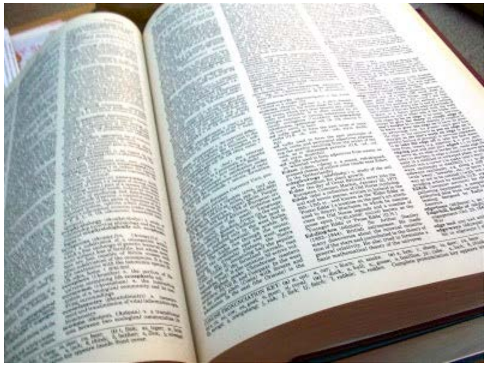
- Publicly disclosing or using an invention can negatively impact the ability to obtain patent protection.
  - In the U.S., must file within 1 year of first public disclosure or use. Best practice is to file before first public disclosure or use.
  - Most commercially important, non-U.S. countries require filing before first public disclosure or use for valid protection.

- Sophisticated investors often ask whether a freedom-to-operate search has been performed on actual and potential products. Consider performing an FTO for key products and documenting the legal analysis of the search results.

Copyright Basics

- Protection for *original works of authorship that are fixed in a tangible medium of expression*
  - Software code
  - Literary works
  - Musical works
  - Manuals
  - …

- Copyright owner has exclusive right to:
  - Reproduce the work
  - Distribute copies
  - Perform and display work publicly
  - …



Copyright Creation

- Right comes into existence as soon as work is on a tangible medium.
- Registration is not required for ownership, but is recommended
  - Register within 3 months of publication.
  - Registration gives owner right to sue.
  - Available remedies include statutory damages and attorney’s fees.
- Copyright notice may prevent defense of “innocent infringement” and requires owner to display:
  - ©
  - Year of publication of original work
  - Name of copyright owner
  - E.g., © 2018 Kilpatrick Townsend

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Software Development Tips

- Document (1) proof of ownership of code, (2) source of code, (3) licenses into the company, and (4) licenses out to others.

- General rule: copyright is owned by the work's creator.

- Works created by an employee in the course of employment are generally owned by the employer.

- Vendors & independent contractors must agree to create "work for hire" or have a written assignment to the company if the company wishes to retain copyright.

Open Source Software Issues

- Have policies and controls over the use of open source software in company code.

- Ensure compliance with applicable OSS licenses.

- OSS licenses to a user are often broad, but impose obligations on the user -- some minor and others more restrictive.
  - Obligation to include the OSS authors copyright attributions, disclaimers, and other legal notices, along with a copy of the license, when the OSS is redistributed.
  - Require disclosure of source code, including to non-OSS code that is combined with OSS code.

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Trade Secrets

- Trade Secret: Information that derives economic value from being secret.

- Owner must maintain information secrecy through reasonable efforts under the circumstances.

- Examples:
  - Recipe for Coca-Cola
  - Customer lists, lead lists, business knowledge
  - “Know-how”
  - Knowledge gained from failed efforts
  - Business plans
  - Source code
  - …

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Trade Secret Protection

- Federal and State law Remedies available.

- Protected / enforced through:
  - Contracts
  - Physical & digital security measures
  - Tort actions in Federal or State

- Most common way to lose ability to enforce trade secret is a failure to keep it secret.

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Trade Secret Tips

- Determine the types of things to be protected via trade secret vs. other forms of protection (e.g., patent protection). In some cases, TS protection is better, in others patent protection is better.
- Develop written plan and policy.
- Seek confidentiality agreements with vendors and contractors where TS protection is important.
- Document and define the TS that is protected, along with documents to establish ownership and status as being a TS.

Trademarks

- Trademark: word, symbol, phrase, … used to identify source or distinguish products or services.
- Must be “distinctive” and not present a likelihood of confusion.
- Two ways to obtain rights in a qualified mark:
  - First to use mark in commerce
  - First to register mark with USPTO

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Trademark Protection

- Trademark protection exists without registration.
- BUT! Should register … Benefits include nationwide use presumptions, evidentiary presumptions.
- Marking:
  - **TM** can be used without registration
  - ® may be displayed only after USPTO grants registration

About Kilpatrick Townsend

A general practice firm with offices in the U.S., China, Japan, and Sweden, Kilpatrick Townsend has one of the largest intellectual property and financial institution-focused practices in the country. The firm's FinTech industry group includes lawyers across various practice areas collaborate to provide FinTech start-ups and established companies with IP, regulatory, corporate, and risk-avoidance services.

Over 200 attorneys and patent agents are registered before the USPTO and have worked with clients to handle over 25,500 patent applications across 119 countries and over 55,000 active trademark applications and registrations worldwide. The firm's Financial Institutions team has over four decades of experience and were named a leading firm for Financial Services Regulation: Financial Institutions M&A by ***Chambers USA*** this year and the past four years.

The firm has been named an IP Powerhouse by ***Chambers Global and Chambers USA***, listed in the top 5 in patent prosecution by ***Legal 500***, and named a Tier 1 firm in both (1) Patent Law & Litigation – Intellectual Property and (2) Intellectual Property – Trade Secrets, by ***U.S. News – Best Lawyers® "Best Law Firms."***

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