

2023 Big Bang IP Workshop

October 26, 2023



UC DAVIS

Mike and Renee Child Institute
for Innovation and Entrepreneurship

UC Entrepreneurship Academy – Intellectual Property

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An Introduction to DLA Piper

- A global law firm with lawyers located in 90+ offices in 40+ countries throughout the Americas, Europe, the Middle East, Africa and Asia Pacific
- 500 IP and Technology lawyers globally
- Global Open Source Practice
- Highly ranked nationwide leader in IP and ITC practices in the US, and a leading IP and technology firm globally by *Chambers USA and Global, The Legal 500, IAM Patent, World Trademark Review, Managing IP and others*



AMERICAS	EUROPE	MIDDLE EAST	AFRICA	ASIA PACIFIC
Albany	Aarhus	Madrid	Algiers	Auckland
Atlanta	Amsterdam	Manchester	Addis Ababa	Bangkok
Atlantic City	Antwerp	Milan	Accra	Beijing
Austin	Birmingham	Moscow	Bujumbura	Brisbane
Baltimore	Bratislava	Munich	Casablanca	Hong Kong
Bogota	Brussels	Oslo	Dakar	Melbourne
Boston	Bucharest	Paris	Dar es Salaam	Perth
Buenos Aires	Budapest	Prague	Ebène	Seoul
Calgary	Cologne	Rome	Harare	Shanghai
Chicago	Copenhagen	Sheffield	Johannesburg	Singapore
Dallas	Dublin	St. Petersburg	Gaborone	Sydney
Edmonton	Edinburgh	Stockholm	Kampala	Tokyo
Houston	Frankfurt	Vienna	Kigali	Wellington
Lima	Hamburg	Warsaw	Lagos	
Los Angeles	Helsinki		Luanda	
Mexico City	Kyiv		Lusaka	
Miami	Leeds		Maputo	
Minneapolis	Lisbon		Mwanza	
Montreal	Liverpool		Nairobi	
New York	London		Tunis	
Northern Virginia	Luxembourg		Windhoek	
			Zanzibar	

* Cooperation firms

Overview

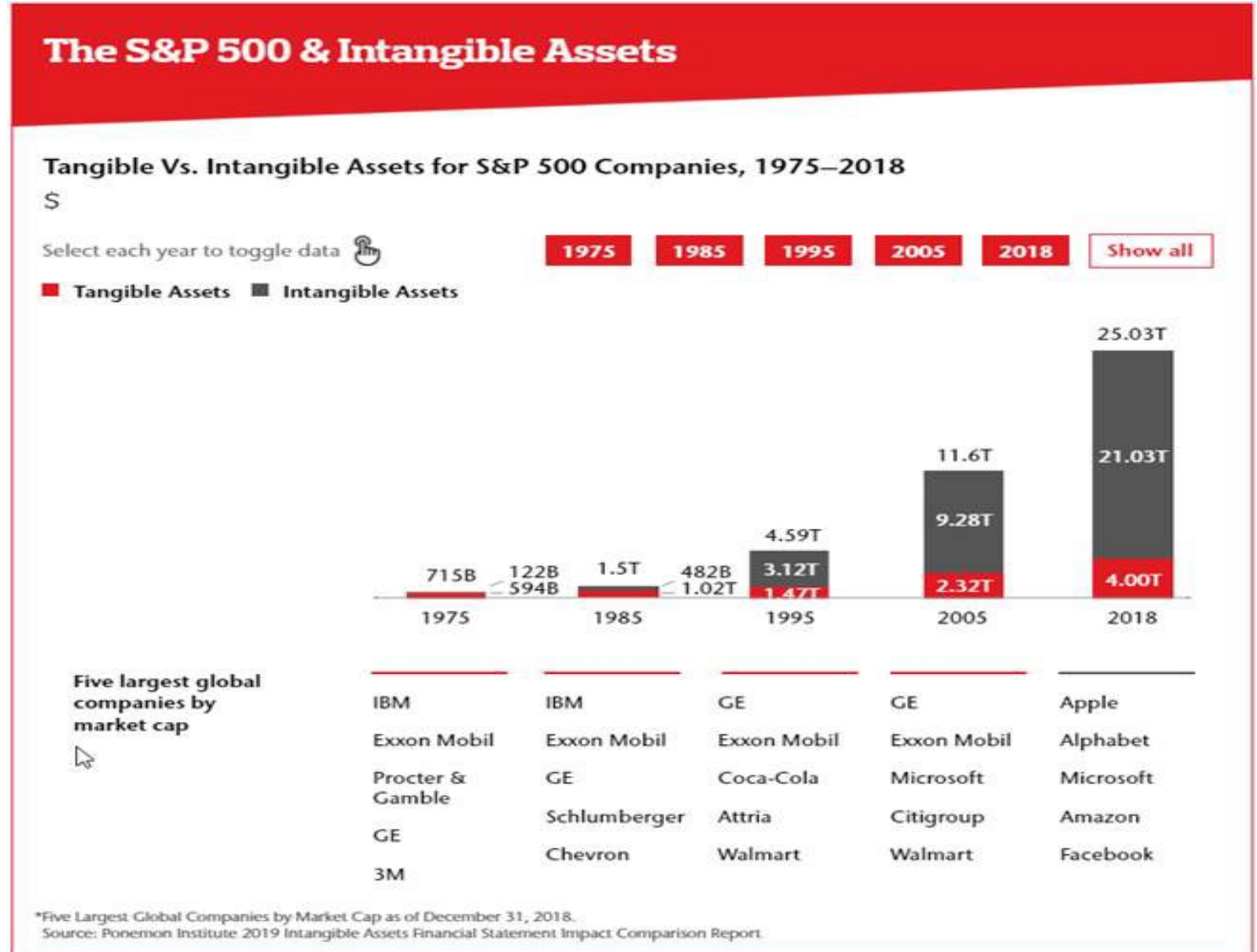
- So you want to start a company...
- What is the role of Intellectual Property (IP)
- IP in formation issues
- What are investors looking for?



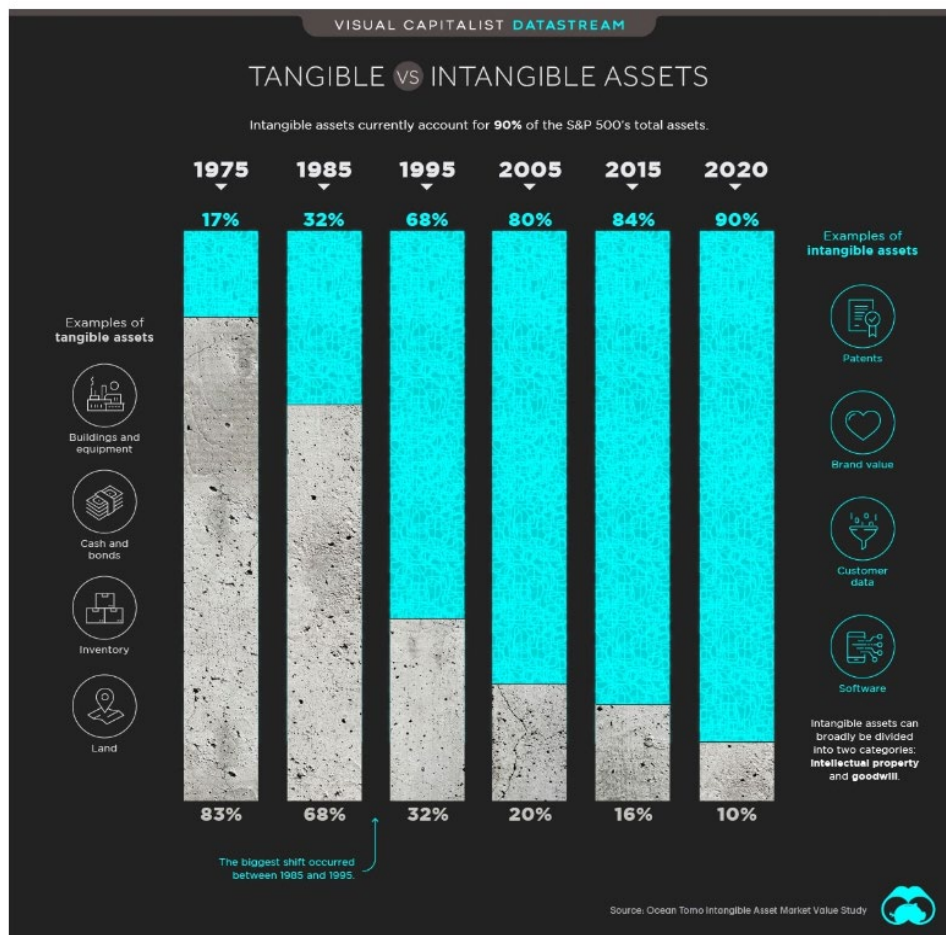
Why should you care about IP?

Largest global companies by market cap in 2023:

- Apple
- Microsoft
- Saudi Aramco
- Alphabet
- Amazon
- 7 of the top 10 are in the technology sector



Intangible assets as key value driver



- Intangible assets are 90% of the value of S&P 500 companies
- Value of intangible assets in S&P 500 companies from 1975 to 2020 have tripled
- Biggest change from 1985-1995 where value doubled
- Global economy moving away from industrial foundation and moving to knowledge and services is likely driver of increased value of intangible assets



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Intellectual Property is International

Treaties Facilitate International Protection

- Patent
 - Paris Convention
 - Unified Patent Court, Unified Patent, European Patent
- Trademarks- Madrid Protocol
- Copyrights - Berne Convention



IP Enforcement is country-by-country



Common Types of Intellectual Property in US

Patents

- Right granted to Congress in US Constitution to encourage inventors (human inventors) by giving exclusive right to inventions
- Duration: 20 years (15 years for designs) from filing
- Rights: make, use, sell, import, have made
- What can be protectable:
 - Inventions
 - Designs
 - Plants

Copyrights

- Right granted to Congress in US Constitution to encourage authors (human authorship) by giving exclusive right to works
- Duration: Life of author + 70 years; 120 years after creation or 95 years after publication if corporation
- Registration not required
- Rights: reproduce, distribute, prepare derivative works, publicly perform, publicly display
- What can be protectable:
 - Photographs
 - Software
 - Web pages
 - Databases

Common Types of Intellectual Property in US (cont.)

Trademarks

- Identifies source and quality of goods and services
- Duration: 10 years from registration, renewable if in use
- Common law rights possible
- What can be protectable: strong, arbitrary marks; descriptive marks weak
- Managing risk of infringement by marks created with generative AI

Trade Secrets

- Non-public information that provides competitive advantage and efforts taken to maintain as a trade secret; beware use of generative AI
- Duration: theoretically forever
- Rights: Use and disclosure
- What can be protectable:
 - Secret Inventions
 - Methods
 - Customer Lists
 - Tools
 - Data



Starting a company



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Starting a company

- When do you start your new venture
 - When do you leave your employer
 - Can you work on your new venture while you are still working for your current employer
- How do you leave your employer
 - Is there anything you can take with you
 - What do you need to remember

IP issues for founders

- What does your current employer own
 - Effect of employee proprietary information and inventions agreements (PIIA's)
 - ✓ Copyrightable works of authorship owned by employer as work for hire if developed by employee within the scope of employment
 - ✓ Assignment of IP
 - ✓ Confidentiality obligations
 - Different treatment if you are a consultant or contractor
 - ✓ Written agreement required for enforceable assignment
 - ✓ Certain types of work commissioned from an independent contractor with a written agreement may be designated as “work for hire” owned by commissioning party

Restrictions on founders

- Non-competes
 - Not enforceable in California except for sales of business
 - Applies to employees and contractors
 - Proposed FTC ban on non-competes (new)
- Non-solicitation
 - Enforceability should be tied to protection of trade secrets
 - California does not adopt inevitable disclosure doctrine
 - ✓ Possession alone not sufficient, improper use or acquisition/misappropriation required
- Ongoing compliance with PIIA; university policies

IP Ownership/Protection for a Startup

- ***Company*** must own IP
 - Written assignments
 - Development and license agreements
- Duty of reasonable care
 - No public disclosure
 - Confidentiality agreements with all employees and consultants
 - Appropriate firewalls and e-mail security

IP Ownership/Protection for a Startup

- Which IP protection applies
 - Patents v. trade secrets
 - ✓ Business information is not patentable: market information, customer lists, pricing
 - ✓ Challenges of software patents
 - Provisional patent application v. Utility patent application
 - Register copyright or not
 - Register trademark or not
- Where to obtain IP protection



Introducing Your Company

Non-Confidential Description (NCD)

- Reviewed by the inventor
- Brief, relevant technical details
- Business advantages
- Links to published patents/articles
- Patent status



Protecting Your IP

Treat everything as confidential

Carefully guard business and technical information:

- Ideas
- Technology
- Know-how
- Computer code
- Business information
- Marketing plans

Use Confidential Disclosure Agreements (CDA's)



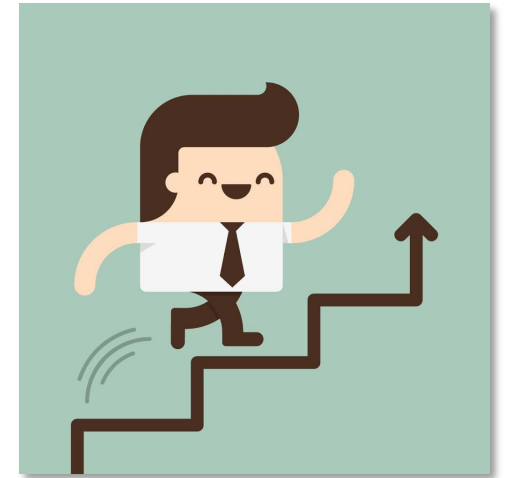
IP and Your Company

Establish an IP-Savvy Culture

- Management, scientists, engineers, business development team and finance professionals all on the same page

Education and Communication are Key

- IP is a valuable asset of company
- Company has an IP strategy
- Employees are aware of the IP strategy
- Company is implementing the IP strategy
- Employees understand that following IP strategy is critical to the company's success



Investors' Focus on Intellectual Property



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What Questions Do Investors Ask (due diligence)?

- Patents
 - Patentability
 - Is your invention patentable?
 - Does it distinguish the prior art?
 - Do your patents cover your product(s)?
 - Do the patents cover design-arounds by competitors?
 - Ownership
 - ✓ How many patents and applications do you have?
 - ✓ Are the patents and patent applications properly assigned or licensed to the company?
 - Freedom to Operate
 - ✓ Does Invention infringe any third party patents



What Questions Do Investors Ask (due diligence)?

- Copyrights
 - ✓ Ownership
 - Employees v. contractors
 - ✓ Open source software
- Trade secrets
 - ✓ Protective measures
 - ✓ Disclosures of source code
 - ✓ Impact of generative AI



What Questions Do Investors Ask (due diligence)?

- Trademarks
 - ✓ Registered v. common law
 - ✓ Preserving value and goodwill, monitoring, quality control
- University and government funding/involvement
- Key agreements

Strategic IP Planning

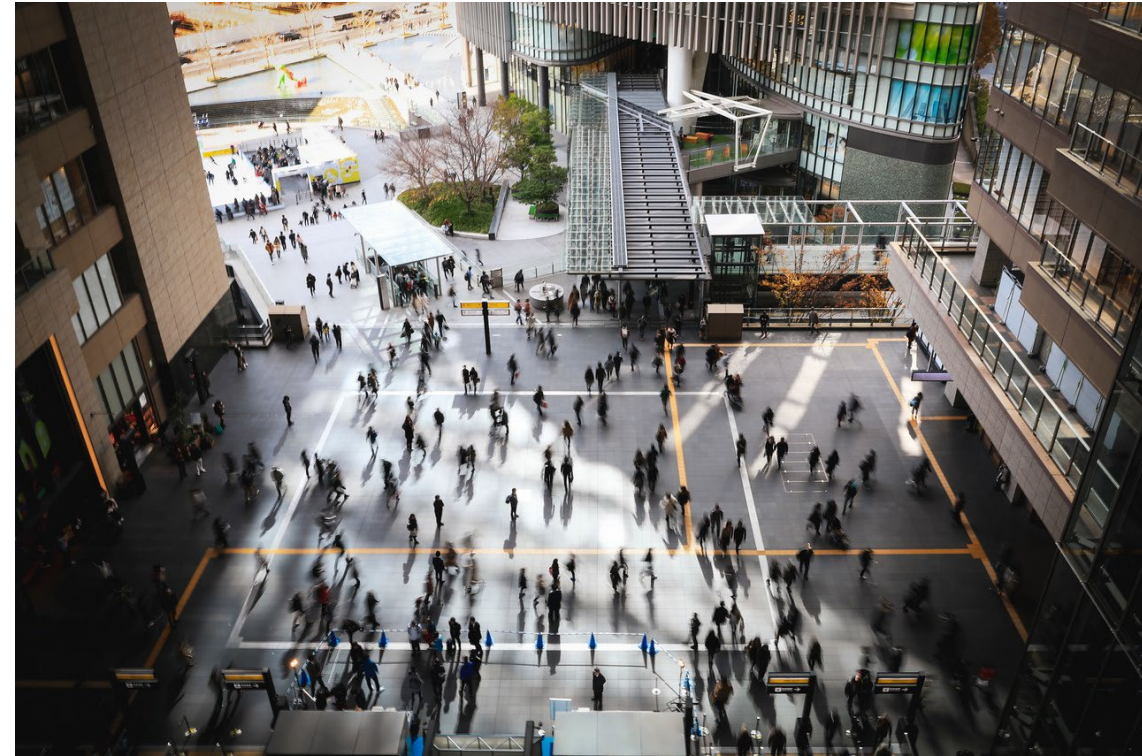


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Strategic IP Planning

- Business Strategy
 - Where is revenue and growth
- IP Strategy
 - Where to protect IP
 - What IP to protect
- Importance of alignment
 - Execute business strategy in a manner consistent with preserving IP rights and protection



Licensing Options

What type of license does company need?

- Exclusive vs. non-exclusive
- Geographic limitations
- Fields-of-use limitations
- Sublicense rights

Alternatives to a license

- Option agreement
 - ✓ Limited rights
 - ✓ Time-limited
 - ✓ Some cost
 - ✓ Pre-negotiate the license or license terms
 - ✓ Advantages
- Evaluation agreement
 - ✓ Fewer rights
 - ✓ Usually no cost
 - ✓ Advantages

Any Questions?

Feel free to contact:

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Reference slides

Patents and Trade Secrets

Both Patents and Trade Secrets protect ideas:

- New process
- New formulation
- New method of synthesis
- New software
- New device



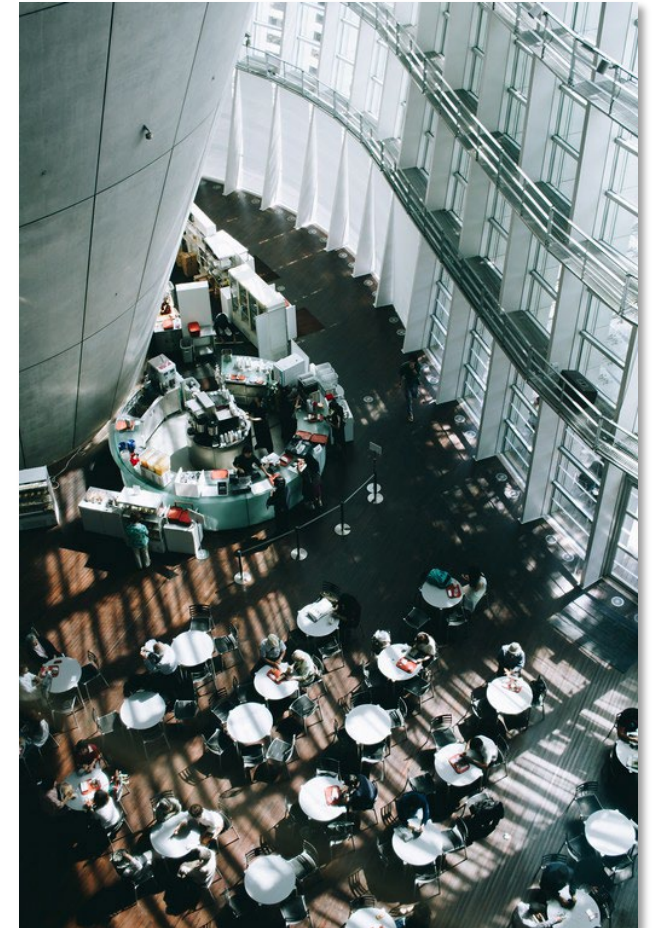
Trade Secret or Patent?

Trade Secret:

- If invention **cannot** be easily discovered
- If the invention is not patentable
- Term—forever, if protected

Patent:

- If invention can be discovered or “reverse engineered”
- Term—20 years from utility patent filing; 15 years from grant of design patent



Types of Patents

Utility (most common)

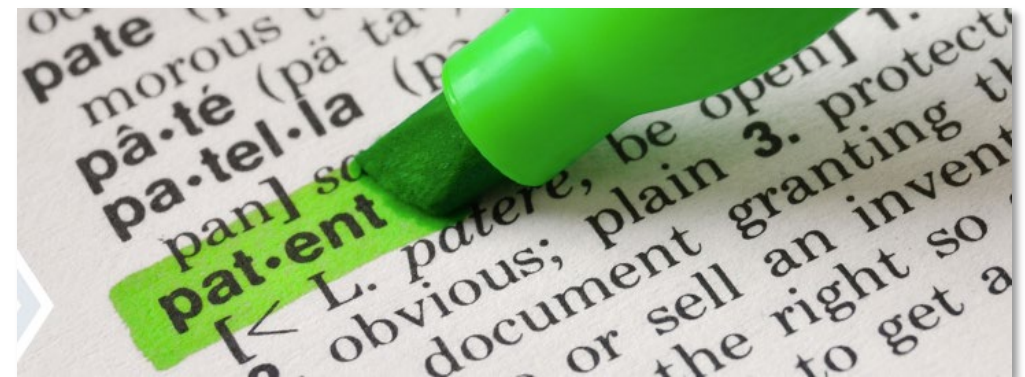
- New, original, functional, invention

Design (becoming more important)

- New, original, ornamental designs for articles of manufacture
- Protects appearance not functionality

Plant

- Distinct new varieties



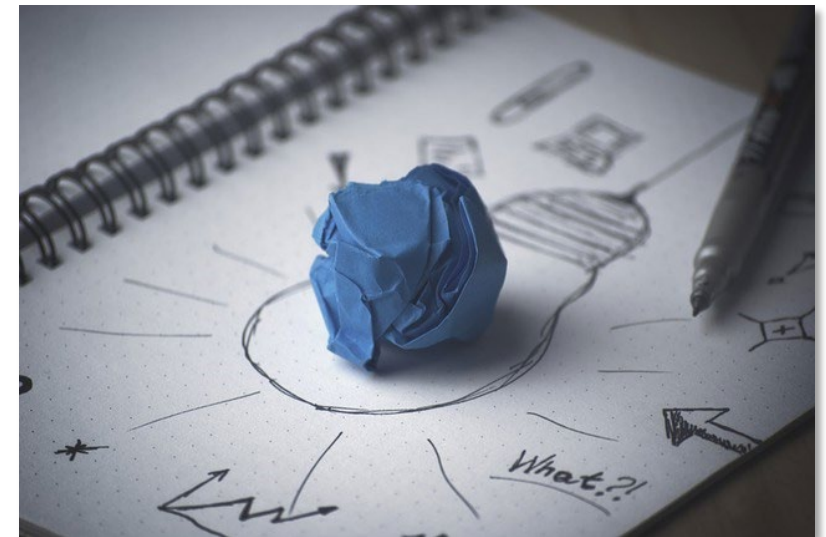
Types of Utility Patents

Provisional Patent Application

- No claims required—but they should be included!
- Do not skimp on your Provisionals
- Secures filing date for 12-months
- Must file corresponding non-provisional application within 12-months of filing provisional or lose all rights

Non-Provisional Patent Application

- Claims priority to the provisional patent application
- Maintains a priority date



Patent Claim Categories

Process

- A method or series of steps for producing a product or result

Machine

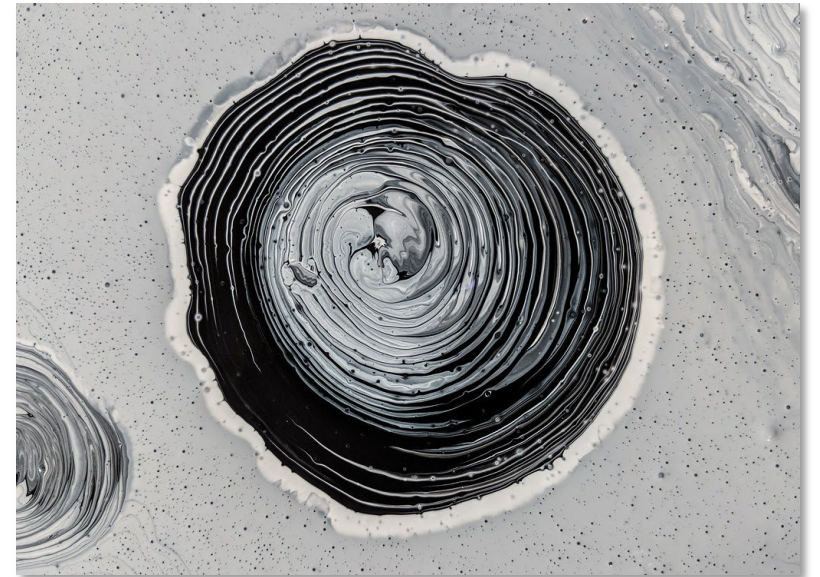
- An operable apparatus comprising a combination of elements

Composition of Matter

- A compound or mixture of ingredients

Article of Manufacture

- An object, a manufactured object



Patent Requirements

Useful

- Must have some utility;
not against public policy

Novel

- Must be new,
i.e., different from prior art

Non-obvious

- Subject matter as a whole would not have been obvious at the time to person of ordinary skill in the art

Adequate Disclosure

- Adequate written description to enable a person of skill in the art to practice the invention.

Patent Application Process

- Get a patent attorney or patent agent involved
- Application sent to the U.S. Patent Office
- Patent Office sends an Office Action rejecting claims
- Applicant responds with a claim amendments and arguments refuting the rejection
- Patent Office agrees/disagrees
- Interview with Examiner: get scientist involved
- Allowance or Appeal
- Grant of Patent

Good Patents Require Good Record Keeping

- U.S. patent policy rewards an inventor who is the first to invent
- Maintain good laboratory records
- Write out and explain experiments in a bound notebook
- Data may be maintained in separate folders referenced in the laboratory notebook
- Pages of the notebook should be dated and signed regularly and should be periodically witnessed
- Best if they are periodically witnessed, signed and dated by a knowledgeable colleague who is not likely to be named as a co-inventor

Critical Patent Deadlines

U.S. Patent Applications

- More than a year before filing
 - ✓ Public use, sale or offer to sell in the U.S.
 - ✓ Printed publication describing invention anywhere

Applications Outside the U.S.

- Absolute novelty—no one year grace period

Patent Costs

- U.S. provisional—\$2.5K+
- U.S. non-provisional—\$15K to \$25K+
- Foreign—can be \$100K+
- Maintenance fees/annuity fees



Patent Ownership

- Each inventor owns equal and undivided interest
- All inventors must sign declaration stating that they are an inventor
- Inventors assign their rights to company or university
- Ownership rights may then be licensed



Copyrights

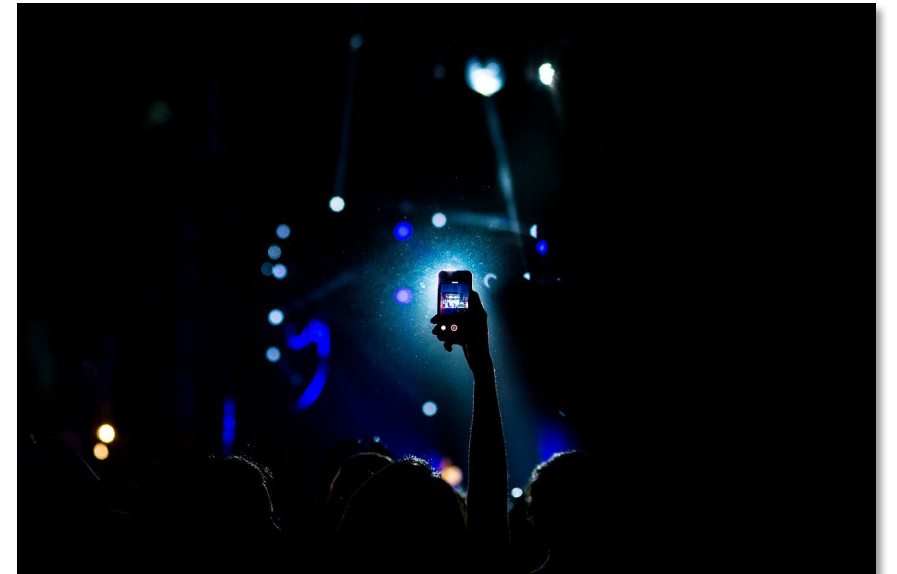


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Copyrights

- Federal statutory right granted to an author for a work that is expressed in a tangible medium
- Examples:
 - ✓ text (i.e., publications)
 - ✓ data and software
 - ✓ music and video
- Protects the expression, not the content
- Registration not required for protection



Copyrights and Employees/Agents

Generally, author has ownership. Under Work for Hire doctrine:

Need written assignment documentation with all non-employees/agents