

BUSINESS GUIDE FOR ESTABLISHING AN INTERNAL INTELLECTUAL PROPERTY ADMINISTRATION FUNCTION

Intellectual Property/Technology Law

I. BACKGROUND

The intellectual property assets of a business - and the recognition, protection and exploitation of those assets - determine business success. These intellectual property assets may be defined as (1) the total knowledge base of the business enterprise and (2) the proprietary rights that exist in that total knowledge base.

It is the job of business management to maximize these intellectual property assets - to provide an atmosphere in which creativity and effort continually increase the total knowledge base of the business enterprise, and to provide an infrastructure for successfully exploiting that knowledge base.

The atmosphere is determined by the people you hire, the mix of structure and autonomy that you provide them, and the incentives you give them to contribute at their highest levels to the business endeavor. The establishment of that atmosphere is up to you.

What we deal with here is the infrastructure you need to successfully exploit the knowledge base of your business.

The following checklist identifies the key aspects of an intellectual property administration system for your business.

II. CHECKLIST FOR AN INTELLECTUAL PROPERTY ADMINISTRATION SYSTEM

Make Certain Your Business Enterprise Owns the Intellectual Property that is Generated in the Operation of the Business

This is a matter of putting proper contracts in place - with your employees, your consultants and other companies with whom you collaborate. You need a written employee agreement that obligates the employee to keep confidential your business' proprietary information, to disclose to the business all creative ideas made during employment that relate to the interests of the business, immediately after they are generated. In this agreement, these creative ideas and all proprietary rights are assigned to the business, and the employee agrees to assist the company in securing legal rights in the intellectual property. The same considerations apply to consulting relationships and collaborative undertakings with other companies - the contracts involved should secure your business' proprietary rights.

Ensure that All Persons Involved in Your Business Understand the Nature and Importance of Intellectual Property to the Business

The future is proprietary. In an environment where business models rapidly change and product cycles are ever-shortening, continuing innovation in the business effort is essential to success.

It therefore is necessary for everyone involved in the business enterprise to understand the basic intellectual property forms - patents, trademarks, copyrights, know-how and trade secrets - as well as how the legal rights in such intellectual property are protected, and how these rights can be lost.

A basic overview of intellectual property ("Basics of Intellectual Property") is available from IPTL by email request (info@iptl.com). Information of the type contained in this publication should be presented to all persons involved in your business enterprise, so that they recognize and understand the proprietary assets of the business that they may create and/or be responsible for protecting.

Capture the Proprietary Assets as They Are Generated

The key here is a documentation system - a deliberate, focused ongoing system of capturing in a tangible form the creative ideas that are invariably generated in the day to day conduct of your business. The record of those creative ideas is embodied in a standardized form such as the Innovation Record form in "Basics of Intellectual Property" (see preceding section). This form needs to be introduced to your personnel as the means that your business will use to build its knowledge base, to develop and improve your business, and to recognize and reward your personnel.

The documentation system requires:

- (a) an administrator to receive the Innovation Records, maintain them in a database, and disseminate them to the organization - with recognition of their contributor(s) so that the documented ideas and concepts are diffused through the organization, to build the knowledge base, and spur further innovation; and
- (b) administration - regularly scheduled management meetings to review and act on all Innovation Records, with a system of prioritization dictated by the resources of the business and its goals (e.g., "Implement," "Commit to Research and Development Efforts," "Secure Intellectual Property Protection," "Defer Action to Next Meeting," "Release Innovation to Employee as Peripheral to Business Interest," etc.).

Strategically Protect Your Proprietary Rights

Once your Innovation Records are reviewed and prioritized, follow through with the necessary action, in a way that maximizes the strength and scope of your business' proprietary rights.

If an innovation is to be maintained as a trade secret, make sure that it is protectible - not easily reverse engineered or discoverable - and use appropriate measures to maintain its secrecy (restricted access, "CONFIDENTIAL" markings, etc.).

If the innovation may be patentable, consult competent patent legal counsel for assessment and appropriate action, and seek your legal counsel's advice to make sure that publication, public use,

sales or commercial availability ("on sale" status) of the innovation does not jeopardize the patent position. The legal assessment may include a determination of patentability of the innovation, an identification of the strength and scope of the patent protection that may be secured based on the relevant state of the art, guidance on further work that is necessary or desirable to support the patent position, an analysis of competitive patent positions in the field of the innovation, and an identification of any conflicts with such competitive patent positions if the innovation is commercialized by the business.

If the innovation is a brand name, slogan or logo, an assessment of the trademark registerability by trademark legal counsel should be made.

If the innovation is a work of authorship, e.g., a computer program, a procedural manual, etc., a copyright notice should be affixed to the work and the work should be registered with the Copyright Office, if its proprietary value warrants such action.

The focus of management in intellectual property matters should be to maximize the benefit to the business of its intellectual property assets. Allocate resources to the innovative effort in a way that builds the base of your proprietary rights, and take strategic action.

If a patentable technology emerges that holds the promise of being key to the future business of the enterprise, aggressively secure patent rights; brainstorm with your technical personnel about how the inventive concept can be extended and applied to other products or applications; put yourself in the shoes of a hypothetical competitor - how can you design around or otherwise defeat the patent position? Addressing these issues in a continuing and intensive way will spur further innovation.

If the innovation is a brand name, logo, or advertising slogan, search existing business and trademark databases to ensure that there is no conflict with existing rights of others; convene a focus group and determine the impact and memorability of the proposed branding of your goods and/or services; secure trademark registration; use "TM" or "SM" to properly denote the proprietary character of the trademark or service mark, followed by the generic name of the product or service; and build the goodwill in the mark through appropriate advertising and promotion.

The Role of Intellectual Property Counsel

A competent intellectual property lawyer can give you advice and counsel about maximizing the protection of your creative efforts and resulting intellectual property assets.

In choosing intellectual property counsel, seek out several candidates and interview them - make certain that the intellectual property lawyer you select has the background and experience to give you the best expertise for the full range of intellectual property you may possess. Have that attorney talk to you generally about trade secrets, patents, trademarks, copyrights, infringement issues, technology transfer, and e-commerce proprietary rights.

Make sure that the attorney has a good reputation and a demonstrated track record of success with other clients. Determine the fees that the attorney charges and obtain that attorney's fee agreement for your prior review - is it clear and understandable, or is it vague and full of "legalese?" Get samples of the attorney's work (this may be patents issued by that attorney for various clients, briefs filed in intellectual property litigation, testimonials to that attorney's work by his or her clients, etc.; get as much information as you can, to make the most informed decision). Pose a hypothetical issue to the attorney, and gauge his or her response. Consider

hiring the attorney for a limited task or a single project, to see if the chemistry is good and your confidence in that attorney is established.

Ask the attorneys you interview to tell you the names and backgrounds of other attorneys they would use if they were in your position, and cross-check these "referrals" - they may lead you to another attorney you ultimately select, or give you a consensus that will increase your chances of successfully connecting with the attorney who will become your legal adviser in intellectual property matters.