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# Intellectual Property: Building Your Castle Moat

*how to protect your  
company's knowledge*

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## Intellectual Property Overview

- Intangible assets
- Legal monopolies
  - *Patent*
  - *Copyright*
- Business differentiators
  - *Trademarks*
  - *Trade secrets*



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# Copyrights

## Protection

- Original expression
- Creation/publication
- Examples:
  - *Webpages*
  - *tv shows*
  - *Films*
  - *Books*
  - *Newspapers*
  - *Magazine articles*
  - *Fine art*
  - *Not-so-fine art*
  - *Architectural drawings/buildings*
  - *Software*
  - *Songs*
  - *Performances*

# Statutory

- Registered
- Unregistered

## Registration Mechanics

- Library of Congress
- Forms and Fees
- Timelines
- Costs of delay

## Laws

- U.S. Constitution, Art. I, Sec. 8, Cl. 8
- Copyright Act of 1909
  - *Sound Recording Amendment of 1971*
- Copyright Act of 1976
  - *Berne Convention Implementation Act of 1988*
  - *Computer Software Act of 1980*
  - *Record Rental Amendment of 1984*
  - *Satellite Home View Act of 1988*
  - *Computer Software Rental Amendments Act of 1990*
  - *Audio Home Recording Act of 1992*
  - *Digital Performance Right in Sound Recordings Act of 1995*
  - *Digital Millennium Copyright Act of 1998*

## Copyright in a Digital Age

- DRM
- Downloading, file-sharing, peer-to-peer networks
- YouTube, Napster, ratings on the web

## Enforcement

- Making a statutory infringement case
  - *Exclusive federal court jurisdiction*
    - Owner/exclusive license of copyright
    - Application for registration/registration completed
    - Work copied by defendant
- Damages: actual v. statutory
- Attorneys fees

## Defense/Offense

- Striking similarity
- Substantial similarity
- Access/independent creation
- Software – abstraction, filtration, comparison



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# Protecting Trade Secrets

- A company's trade secrets can comprise its most valuable assets.
- The legal definition of a "trade secret" has expanded to encompass new types of subject matter as the law tries to keep pace with technological innovation and business practices.

- Generally, state law provides the protection for trade secrets.
- Most states have a statute based on a model trade secret protection law.

- North Carolina's Trade Secrets Protection Act, N. C. General Statutes §§ 66-152 et seq.
- A trade secret is business or technical information
- It derives actual or potential commercial value from not being generally known or readily ascertainable through independent development or reverse engineering
- It must give its owner or user a competitive advantage over others who do not possess the trade secret
- The owner must make reasonable efforts under the circumstances to maintain the trade secret's secrecy

- Virginia's Uniform Trade Secrets Act, Virginia Code Annotated §§ 59.1-336 et seq.
- A trade secret is information
- It derives actual or potential economic value from not being generally known or readily ascertainable through proper means
- It must give its owner or user a competitive economic advantage over others who do not possess the trade secret
- The owner must make reasonable efforts under the circumstances to maintain the trade secret's secrecy

- The North Carolina trade secrets statute looks more restrictive than its Virginia counterpart because of the limitation to “business or technical information”.
- However, on most other points, the two statutes agree on the definition of a trade secret.
- For example, Virginia includes reverse engineering as one of the “proper means” by which certain commercial information could be ascertained – which would defeat trade secret status.

- Misappropriation of trade secrets:

Acquiring, disclosing or using another's trade secret without express or implied authority or consent.

- Methods to protect trade secrets:
  1. Identify them – know what you have
  2. Physical security
  3. Limiting access and copying
  4. Non-disclosure and confidentiality covenants
  5. Exit interviews
  6. Protect against contractor/consultant misuse

- Government claims on trade secrets



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# Trademarks

## Trademarks

- U.S. Constitution
  - *Commerce clause, not “IP Clause”*
- “use in commerce”
- Audience, not author

## Basics

- Public recognition of brand
- Word, sound, color, design
- Strength
  - *generic, descriptive, suggestive, arbitrary, fanciful*

## Protection

- Common law
- State law & registration
  - *Trade laws, unfair competition claims*
- Federal law & registration
  - *15 U.S.C. sec. 1125 et seq.*

## Infringement Claims

- Owner of valid trademark
- Priority
- Use of valid trademark in commerce by defendant in sale of goods/services
- Use creates likelihood of consumer confusion about product source

## Defense/Offense

- Licensing
- Advertising
- Business/product name searches
- Policing

## Websites...Domain Names... Search Engines *(oh my)*

- New developments in old law
- Clearing uses for content
- Inviting claims and avoiding claims on webpage creation
- Adwords, search engines, and policies
- Controlling uses by others



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# Patents

## US Constitution, Art. 1, Sec. 8, Cl.8

- “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Investors the exclusive Right to their respective Writings and Discoveries.”

## What is a Patent?

- A patent for an invention is the grant of a property right to the inventor, issued by the United States Patent and Trademark Office.
- Generally, the term of a new patent is 20 years from the date on which the application for the patent was filed in the United States or, in special cases, from the date an earlier related application was filed, subject to the payment of maintenance fees.
- U.S. patent grants are effective only within the United States, U.S. territories, and U.S. possessions.
- Under certain circumstances, patent term extensions or adjustments may be available.

## US Supreme Court

- Patent is characterized as a limited monopoly given in exchange for public dissemination of the invention. *Brenner v. Manson*, 383 U.S. 519 (1966).
- Patent exclusively is recognized as a necessary “exception to the general rule against monopolies and the right of access to a free and open market.” *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945).

## What is Patentable?

- Any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, is patentable, subject to the conditions and requirements of the law.
- The word “process” is defined by law as a process, act or method, and primarily includes industrial or technical processes.
- The term “machine” needs no explanation.
- The term “manufacture” refers to articles that are made, and includes all manufactured articles.

## What Rights Are Conferred by a Patent?

- A patent gives the owner the right to make, use, offer for sale, or sell the patented invention within the United States or U.S. Territories.
- A patent also gives the owner the right to **EXCLUDE OTHERS** from making, using, offering for sale, selling the patented invention in the United States or U.S. Territories or importing the patented invention into the United States or U.S. Territories.

## What Rights Are Conferred by a Patent?

- If a patent is infringed, the patentee may sue for relief in the appropriate federal court.
  - *The patentee may ask the court for an injunction to prevent the continuation of the infringement and may also ask the court for an award of damages because of the infringement.*
  - *In such an infringement suit, the defendant may raise the question of validity of the patent, which is then decided by the court.*

## How can Clients Leverage Patent Assets?

- Patents are assets that can be licensed or sold.
- Patents are often used by start-up companies as the basis for obtaining early stage funding.
- Patents can be used offensively and defensively.
  - *Some clients aggressively pursue potential infringers to obtain significant licensing revenues or to block potential competitors.*
  - *Large institutional clients will often build very large patent portfolios for defensive purposes.*

# Patent Litigation

- Basic Doctrines in Patent Litigation
  - *Claim Construction*
  - *Infringement*
  - *Validity*

# Patent Litigation

- Claim Construction
  - *Very important aspect of patent litigation occurring in pre-trial phase*
  - *Parties brief the court as to their proposed definitions and interpretations of certain claim language*
  - *Judge decides, not jury*
  - *Often sways the leverage to one party*

## Patent Litigation

- Infringement
  - *To infringe, one must practice each and every element of step of a claim*
  - *If additional elements/steps are also performed it is still an infringement*
  - *If an element or step can be omitted the activity is non-infringing*

## Patents are Presumed Valid

### 35 USC § 282

- A patent shall be presumed valid ... The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting invalidity.

## Patent Reform

- Patent Reform Bill May Dramatically Affect Business Concerns
  - *Damages, Injunctions*
- Recent CAFC Decisions
  - *Bilski (101), KSR (103)*
- PTO Rulemaking Authority and Proposed Rules
  - *Continuation Practice, Limitations on Number of Claims, Pre-filing Search Obligations*

## Useful Links

- United States Patent & Trademark Office
  - <http://www.uspto.gov>
- Google Patents
  - <http://www.google.com/patents>
- Rocket Docket IP Litigation Blog
  - <https://www.williamsmullen.com/rocketdocketiplit/>



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