

Intellectual Property in Estates and Trusts

an overview of issues for estate planners

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Registered Patent Attorney

Intellectual Property in Estates and Trusts

- What **kind** of IP is involved?
- Does it **exist** now?
- Who **owns** it?
- What **benefits** arise from it?

Intellectual Property in Estates and Trusts

- What **kind** of IP is involved?
 - Patent, Copyright, Trademark (etc.), Trade Secret, Domain Name

Intellectual Property in Estates and Trusts

- What **kind** of IP is involved?
 - **Patent** – right to exclude others from making, using, importing, selling, or offering to sell the patented invention
 - **Utility** patent for functional feature
 - **Design** patent for ornamentation
 - Plant patent for asexually reproduced plant

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 - **Service mark** for a service
 - **Trade dress** for a business' total image and overall appearance

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 - Prosecution status
 - Expiration status

Intellectual Property in Estates and Trusts

- **Prosecution** status

	Patent	Copyright	Trademark, etc.	Trade Secret	Domain Name
Required Process	Application & examination by USPTO	(none)	(none)	Reasonable efforts at secrecy	Register with accredited registrar
Optional Process		Register with US Copyright Office	File application with USPTO		
Duration of Process	2 - 5 years	1 – 2 years	1 - 3 years	Indefinite	< 1 day
Rights Established	At issuance or grant	At creation of work	By legitimate use	At creation of secret	n/a
Rights Enforceable	At issuance or grant	After registration	After registration	Indefinitely	n/a

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- **Expiration** status

	Patent	Copyright	Trademark, etc.	Trade Secret	Domain Name
Term	6/8/1995: (utility) 20 yrs from application (design) 14 yrs from grant Prior: greater of 17 yrs from grant or 20 yrs from application	1/1/1978: (reg.) life + 70 yrs (w.f.h.) shorter of 95 yrs post-publ. or 120 yrs post- creation Prior: (complex, see IP attorney)	Indefinite, with legitimate use	Indefinite, with reasonable efforts at secrecy	Indefinite, subject to renewal
Maint. Req's.	(utility) fees at 3½, 7½, and 11½ yrs (design) no fees	(none)	Affidavit by 6 th year Renewal by 10 th year	Reasonable efforts at secrecy	Renewal fees

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 - with no rights or legitimate interest in domain
 - in bad faith

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 - Original Owner
 - Subsequent Owner or Licensee

Intellectual Property in Estates and Trusts

- **Original Owner**
 - Patent
 - Inventor (or all co-inventors)
 - An inventor is one who contributed to conception of *claimed* subject matter
 - Copyright
 - Author (or all co-authors) of original work fixed in a tangible form of expression
 - Employer who commissioned a *work-for-hire* made by author
 - Trademark, etc.
 - Business using mark
 - Trade Secret
 - Business using secret
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 - Registered owner

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Community property laws may apply!

Intellectual Property in Estates and Trusts

- Subsequent Owner or Licensee
 - Assignment
 - Pursuant to sale
 - Pursuant to employment agreement
 - Assignment is distinct from an *obligation to assign* (e.g., in a employment agreement)
 - License or Covenant Not To Sue
 - Usually limited to portion of rights
 - Usually includes non-disclosure agreement (NDA)
 - May include non-competition clause
 - Recording
 - USPTO records assignments, grants, and licenses for patents and trademarks
 - US Copyright Office records transfers of copyright ownership
 - First Sale Doctrine
 - Exclusive right applies only to the *first sale* of a *copyrighted* work
 - Not available for *patented* or *trademarked* items
 - Arguably unavailable for *licensed* (not sold) works

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- What **benefits** arise from it?
 - Revenue from sale of IP asset
 - Revenue from licensing fees or royalties
 - Freedom to operate business
 - Litigation-based monetization

Intellectual Property in Estates and Trusts

- Revenue from **sale of IP asset**
 - Present assignment
 - Promise to assign in the future
 - Valuation
 - Prediction of present and future value of IP
 - Often difficult
 - Evaluate revenue from current *licenses*, if any
 - Evaluate ease of *design-around* (*patent*) or *descriptiveness* (*trademark*)
 - Evaluate risk of *infringement* and size of potential recovery
 - Evaluate potential defenses to infringement
 - » Invalidity
 - » Unenforceability
 - » Inequitable Conduct
 - Evaluate industry trends and market acceptance of protected subject matter

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 - Often calculated *per unit* sold or manufactured, or a *lump sum*
 - Usually based on price of product and importance of IP within overall product
 - Potential damages from breach
 - Breach of NDA while licensing a trade secret
 - Breach of non-competition clause while licensing a patent or trademark

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 - **Defensive** strategy: *internally* focused
 - Maintain business operations
 - Attract venture capital
 - Attract attention of larger company seeking acquisitions

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 - **Offensive** strategy: *externally* focused
 - License innovative or lucrative features to competitors
 - Sue for injunction and destruction of infringing articles
 - Incentive to license or reach settlement
 - Competitor buys license to your IP
 - Competitor cross-licenses their IP to you
 - Damages from lawsuit
 - Profits, damages, costs, and reasonable royalties for infringement
 - Treble damages available for willful patent infringement counterfeit mark
 - Statutory damages available for copyright infringement

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Questions?



SCHWEGMAN ■ LUNDBERG ■ WOESSNER
Intellectual Property Attorneys

PATENT PROTECTION FOR HIGH TECHNOLOGY

Thank you

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