

Bond

Manufacturing Week
Webinar Series
October 2-6, 2017

Protecting Your Manufacturing Business from IP Theft

Presented by Jeremy P. Oczek



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Manufacturing Week
Webinar Series
October 2-6, 2017

- October 2: Cybersecurity: What We Should Be Doing
- October 3: [Protecting Your Manufacturing Business from IP Theft](#)
- October 4: Wage and Hour Traps for the Manufacturing Industry
- October 5: Avoiding OSHA Liabilities
- October 6: Navigating Immigration Issues Within the Manufacturing Industry



IP Theft

- According to the FBI, intellectual property theft costs American companies billions of dollars every year.
- Manufacturing companies are especially prone to damage from the theft of IP intellectual property of stolen designs and business intelligence, and counterfeit products.

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What We Will Cover

- IP Basics
- Risks and Vulnerabilities
- Best Practices to Protect IP

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IP BASICS

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Types of Intellectual Property

Patents

Trademarks

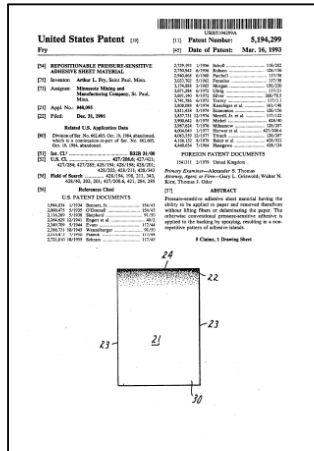
Copyrights

Trade Secrets

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Patents



- **What is a patent?** A patent is a right to exclude others from practicing the invention.
- **Damages:** Entitled to at least some compensation if other companies practice the patent.
- **Injunctive relief:** May be entitled to stop others from using the patented invention.

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Patents

• Utility patents

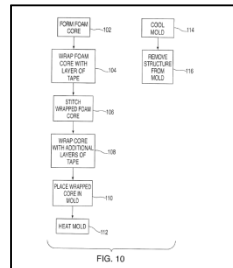
- Any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof.
- For manufacturers, can protect the manufactured goods, methods of manufacture, and/or machines.
- Term: 20 years from filing of initial application

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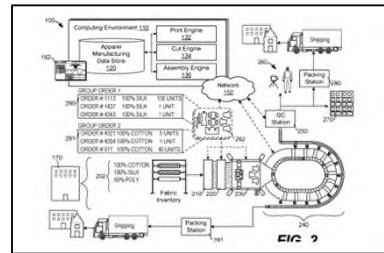


Patents

Bauer Hockey, Inc.
 US Patent No. 7824591
 “Method of forming hockey blade with wrapped, stitched core”



Amazon Technologies, Inc.
 US Patent No. 9623578
 “On demand apparel manufacturing”



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Patents

- **Design patents**

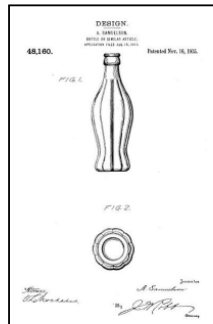
- Any new, original, and ornamental (non-functional) design for an article of manufacture.
- Protects the way something looks, rather than the way it is constructed or used.
- Can exclude products having an identical design, as well as any ornamental design that would deceive an ordinary observer.
- Term: 14 years from granting of patent

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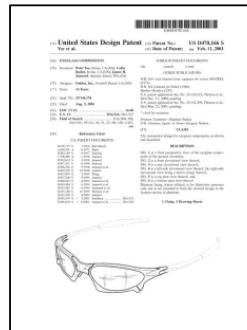


Patents

Original Coca-Cola Design
US Design No. 48,160
“Bottle of Similar Article”



Oakley, Inc.
US Design No. 470,160
“Eyeglass Components”



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Trademarks

- A **trademark** or **service mark** is
 - a word, name,
 - symbol or device or
 - combination thereof
- Mark is adopted or used to identify goods/services and to distinguish them from those sold by competitors
- Non-traditional trademarks may also be protected:
 - colors (e.g., pink in Owens Corning’s insulation)
 - visual appearance (e.g., Apple Store design/layout)



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Trademarks

- **Common Law:**
 - Created when start using mark and consumers begin association between marked good and manufacturer
 - Can be enforced in court if company can show mark used as source identifier
- **State Registration:**
 - Each state maintains its own register of marks which can be enforced under state law
 - Term: 10 years and renewable indefinitely

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Trademarks

- **Federal Registration:**
 - Term: 20 years and renewable indefinitely
- **Federal registration** has important legal advantages over state and common laws:
 - Public notice of the trademark
 - Legal presumption of ownership nationwide rights
 - Ability to bring an action in federal court
 - The right to use the federal registration symbol ® (otherwise can only use ™ symbol)
 - Listing in the US Trademark Office online databases

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Copyright

- **Copyrights** are governed exclusively by federal law
- “Original works of authorship” fixed in any tangible medium of expression:
 - Words and images fixed to a page
 - Software fixed to computer memory
- Rights include:
 1. To reproduce the copyrighted work
 2. To prepare derivative works based upon the copyrighted work
 3. To distribute copies of the copyrighted work for sale, transfer, rental or lending

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Copyright

- Can protect any “written” materials:
 - Product manuals and brochures
 - Packaging
 - Catalogs
 - Articles
 - White papers
 - Presentations
 - Training materials
 - Computer software
 - Company documentation

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Copyright

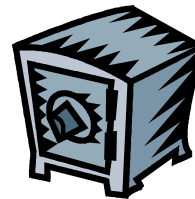
- Ownership of copyrights
 - Copyright ordinarily vests in the author of a work.
 - “Works made for hire”
 - *Employee Works*. If created by employee in the regular course of employment, the employer is considered the “author” of the work for copyright purposes.
- Term: For works published with notice on or after 1978:
 - Corporation (work for hire): shorter of 95 years after first publication or 120 years after creation

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Trade secrets

- Trade secrets must be **secret**.
- As long as the secrets are kept confidential:
 - Potentially longer life (term) than for patents and copyrights
 - Potentially shorter life (term) than for patents and copyrights
- Protected by federal and state law



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Trade secrets

- **Some examples of trade secrets:**
 - Manufacturing processes, techniques and know-how
 - Designs, drawings, plans
 - Algorithms and processes implemented in software
 - Formulas or ingredients of products
 - Business strategies, business plans
 - Financial information
 - Operating manuals, training manuals
 - Customer lists, data compilations

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RISKS AND VULNERABILITIES

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Risks and vulnerabilities

- Manufacturers have considerable resources invested in machinery, tools, personnel, products, processes, and more.
- IP theft can impact not only a manufacturer's bottom line, but its ability to deliver goods and services on time and on budget.

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Risks and vulnerabilities

- **Facilities and equipment**
 - Stringent security standards and procedures should be implemented
- **Personnel and partners**
 - Should take reasonable steps to verify security practices and protocols
- **Vendors and supply chain**
 - Highly complex and continuously exposed to a variety of internal and external risks

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BEST PRACTICES TO PROTECT IP

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Best Practices to Protect IP

1. Conduct IP Audits
2. Implement a Strategic IP Plan
3. Protect Your Confidential Information (Trade Secrets)
4. Protect Your Inventions (Patent)
5. Protect Your Brand (Trademarks)
6. Protect Your Content (Copyright)

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Number 1: Conduct IP Audits

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1: IP Audits

- What is an IP audit?
 - A systematic review of a company's IP assets and related risks and opportunities
- Why conduct an IP audit?
 - Help assess, preserve, and enhance IP
 - Correct defects in IP rights
 - Implement best practices for IP asset management

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1: IP Audits

- Step 1: Identify all possible IP
- Step 2: Determine ownership of IP assets
- Step 3: Determine validity of IP assets
- Step 4: Seek protection for IP assets
- Step 5: Verify correct usage of third party IP
- Other possible steps:
 - Qualitative measures
 - Analyze third party risks

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Number 2: Implement a Strategic IP Plan

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2: Strategic IP Plan

- Why implement a strategic plan?
 - To prompt the development, acquisition, maintenance, and exploitation of IP assets, just as a traditional business plan would do with material assets.
 - The specifics of a strategic IP plan will vary from company to company.
- Establish IP infrastructure
 - IP committee with regular meetings

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Number 3: Protect Your Confidential Information (Trade Secrets)

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3: Trade Secrets

- Measures to protect trade secrets:
 - Identify and catalog your company's trade secrets
 - Establish day-to-day procedures and practices
 - Implement a confidentiality policy
 - Label trade your trade secrets
 - Limit physical and electronic access to trade secrets
 - Establish exit procedures and practices
 - Conduct exit interviews
 - Secure the return of documentation

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3: Trade Secrets

- Employee agreements
 - Non-disclosure provision (protect trade secrets)
 - Non-compete provision
 - Assignment of IP
- Non-disclosure agreements (NDAs)
 - Used between parties to set forth which information is confidential, limits what the other party may use it for, and specifies how long it must remain secret.
 - Should be used whenever disclosing confidential information outside of the company.

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Number 4: Protect Your Inventions (Patent)

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4: Patents

- Patenting a can take time and resources to complete, but the benefits that patent protection can provide to a manufacturing company can far outweigh the investment required:
 - Protect against IP theft (both internal and external)
 - Protect ability to manufacture
 - Increase market position
 - Create ability to license

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4: Patents

- Utility patents –
 - Protect manufacturing processes, machines, articles of manufacture, or compositions of matter
 - Consider use of provisional applications
- Design patents –
 - Protect ornamental (non-functional) design

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Number 5: Protect Your Brand (Trademarks)

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5: Trademarks

- Trademarks are important because they give manufacturers the ability to differentiate themselves and their products from those of their competitors.
- Trademarks also allow manufacturers to build their business by investing their resources in brands that may eventually have broad commercial appeal.

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5: Trademarks

- Trademarks are relatively inexpensive to protect
- Trademarks help prevent marketplace confusion
- Federal registration with U.S. Trademark Office gives nationwide rights.

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Number 6: Protect Your Content (Copyright)

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6: Copyright

- Copyright is typically the easiest and most inexpensive intellectual protection to obtain.
- Statutory damages of up between \$750 and \$30,000 per work, at the discretion of the court.
- Plaintiffs who can show willful infringement may be entitled to damages up to \$150,000 per work.

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6: Copyright

- Original, copyrightable works need not be registered with the U.S. Copyright Office.
 - But, registration is desirable because of proof of validity and is required to bring suit.
- A copyright notice (©) is not necessary for the work to receive copyright protection.
 - But, using copyright notice (©) informs others of company's underlying claim to copyright ownership.

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Protecting Your Manufacturing Business from IP Theft



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