

Intellectual Property Overview

Intellectual property (“IP”) can be one of the most valuable assets to a startup company, whether it is a patent on a new innovative technology, the customer goodwill associated with your trademark and brand, or a copyright over your original material. This IP portion of the startup kit provides a few tools to help you as an entrepreneur when you develop and seek protection for your IP and maintain this protection over time.

1 10 Dos and Don’ts of Intellectual Property for Start-Ups

We start off by providing a list of 10 common mistakes about a company’s intellectual property that business owners make that you should be aware of and avoid as you manage your startup’s intellectual property.

Understanding this best-practices checklist will help you avoid these mistakes. For your deeper understanding of these common errors and what you should consider doing instead, we have included detailed explanations for each of them.

2 Intellectual Property Primer

The Intellectual Property Primer serves as an introductory overview of the different types of IP: trademarks, patents, copyright, and trade secrets. The primer is not an exhaustive summary of all the legal issues that might arise in each area of IP law; rather, it provides a quick outline of the key points that might be relevant to your startup as you learn which measures will protect your company’s IP.

For each category of IP, the primer will discuss what types of subject matter are eligible for protection, the criteria for obtaining protection for your IP, the scope of your rights as an owner of these rights, and how to secure and maintain these rights.

This primer will help you start thinking about how to protect your startup’s intellectual property rights. However, we strongly encourage you to consult an attorney when dealing with these complex issues. If you are filing a patent application, you should have an attorney help you search for prior art and draft and compile the application.

For complex trademark issues, you may want to consult an attorney as you search competitors and existing marks to ensure clearance for your use of the desired trademark. If you face a copyright infringement action, you should

consult an attorney to navigate copyright law's fuzzy areas where the courts do not follow bright-line rules.

3 Annotated Non-Disclosure Agreement

A non-disclosure agreement (“NDA”) is a contract between an employer and an employee that protects confidentiality and ensures that commercially-valuable information is handled appropriately. This standard NDA provides a basic framework for the provisions that this agreement should include, such as confidentiality, compliance with security policies, and long-term protection of the employer’s intellectual property assets.

A best practice is to have the employee sign an NDA before commencing employment; however, the NDA can be adapted for a currently employed individual.

It is important that you seek advice from an attorney to ensure that your NDA will be enforceable. An attorney will tailor the agreement to reflect the laws of the state that will govern it. Additionally, you should consult an attorney to discuss the various issues that arise through this agreement including:

- whether there is adequate consideration for the agreement to be effective;
- tailoring the definitions of confidential and proprietary information;
- drafting the assignment and work made for hire provisions; and
- ensuring that the agreement is adapted for an at-will or for-cause employment scenario.

Disclaimer

These documents were created and vetted by students and supervising attorneys at the University of Pennsylvania Law School’s Entrepreneurship Legal Clinic applying Pennsylvania law. They are intended to educate and inform the early stage start-up. As such, they are designed to be simple and accessible and may omit terms or language relevant to your specific circumstances. Please carefully read through the documents and any instructions and annotations included therein.

You acknowledge that your use of these documents does not create an attorney-client relationship between you and the Clinic or you and the individual members of the Clinic and does not constitute the provision of legal advice or other professional advice. You should seek advice from a licensed attorney before using or relying on these documents. Additionally,

none of the documents created constitute tax advice. By using and relying on these documents, you assume all risk and liability that may result.

10 Dos and Don'ts of Intellectual Property for Start-ups

Engaging Others

- Don't:** Engage people (outsiders or employees) to help create or develop the IP without first assigning the necessary agreements.
- Do:** Understand who owns the IP.
- Review startup members' employment contracts with former employers.
- Do:** For all collaborators, define and document ownership using:
- non-disclosure agreements; and
 - IP assignment agreements.

Launching Your Brand

- Don't:** Launch your business around a brand, trademark, or invention that cannot be protected.
- Do:** Trademarks:
- Consult a trademark lawyer and research competitors (beyond a PTO online search) before investing heavily in a brand.
 - Select a strong trademark that is distinctive (fanciful or arbitrary), not descriptive.
- Patents:
- Search and review prior art as early as possible to understand the patent landscape in order to answer 2 questions:
 1. Do you have the freedom to operate?
 2. What can you protect through your own patent filings?

Choosing Your Trademark

- Don't:** Choose the wrong trademark class or too many trademark classes.
- Do:** Accurately describe the products or services that your trademark will apply to.
- Do:** Think about future product expansion to include a broader scope, but avoid false or misleading information.

Protecting Your Trademark

- Don't:** Fail to protect and enforce your trademark.
- Do:** You must enforce your trademark rights in order to protect your mark. Pay attention to make sure no one is infringing on your mark and take steps to stop infringing parties.

Public Disclosures

- Don't:** Publicly disclose your technology before filing a patent (e.g., through printed publication, disclosures, availability for public sale, etc.).
- Do:** Avoid disclosure—but if you do disclose, file a patent within one year of public disclosure.

Timing

- Don't:** Wait too long to file patent applications as an attempt to save money.
- Do:** File early and file often. File a provisional patent application early to establish an earlier effective filing date.

Drafting Strategies

- Don't:** Rush to file a weak, poorly drafted initial patent application that offers little protection for your innovation.
- Do:** Invest seriously in the startup's first one or two patent applications and file a carefully drafted, high-quality patent application.
- Do:** Avoid overreaching and speculative language. Ideas are not patentable.
- Do:** Avoid language that is too narrow.
- Do:** Understand the IP landscape and corner a valuable part of the market.
- Ask:
- What is the company doing now?
 - Where is the company headed?
 - What are the business goals?
 - Who are the actual and likely competitors?
- Do:** Think about a global strategy.

Unlicensed Images

- Don't:** Do a quick Google image search and use unlicensed images on your website or blog.
- Do:** Use only licensed images, unless you have express permission from the author.
- Do:** Subscribe to a stock photography service such as Shutterstock or iStock.
- Do:** Use creative commons licensed images.

Fair Use

- Don't:** Use pieces from copyrighted works if you don't understand "fair use" in copyright law.

- Do:** Be careful about using copyrighted material, no matter how little, if you do not have the owner's permission.
- Do:** If you plan on using copyrighted material under the fair use doctrine, be sure you fully understand the four factors and how courts may perceive this use.

Maintaining Your Trademark

- Don't:** Fail to maintain and renew your trademark registration.
- Do:** File the appropriate registration renewal documents with the USPTO between the 5th and 6th years and between the 9th and 10th years after your initial registration of the mark, and then every 10 years thereafter.

Intellectual Property Primer

1 Engaging people (outsiders or employees) to help create or develop the IP without first assigning the necessary agreements

Be aware of ownership issues when it comes to developing your company's IP. There are three common reasons that a startup might not own all of its IP:

- There was no formal assignment agreement prior to the property's invention and the inventor now refuses to assign his IP rights to the startup. In the early stages, many startups will start developing their IP without a formal agreement between inventors, founders, and other collaborators. Someone contributing to the IP might be considered an inventor and have rights in the IP, and without any assignment agreement, this inventor would be able to assign the rights or license the invention to another party without the startup's permission.
- The startup did not have a formal agreement with independent contractors or other companies hired by the startup to help develop the IP that assigns the IP rights to the startup.
- The inventor might have existing obligations to a former employer to assign all rights to any inventions invented by the employee to that company for a period of time.

2 Launching your business around a brand name, trademark, or invention that cannot be protected

Rushing ahead can lead to inefficient spending and patents or trademarks that do not offer much protection. It is imperative to research competitors with similar prior inventions, trademarks, patents, and copyrights to understand what you can protect. Researching the prior art is also important to avoid claims against you for willful infringement. You might be stuck with large punitive damages if you failed to conduct a thorough investigation of prior inventions or trademarks and it turns out you are guilty of infringement.

For trademarks: thoroughly research competitors before investing time and money in your brand. While a search on the PTO database is a good starting point, this search alone is not sufficient or reliable for determining whether marks are cleared for use or registration. Trademarks do not need to be registered to be protected, so looking only at trademarks that have been registered with the USPTO does not provide a full picture of which trademarks are being used in commerce.

Furthermore, a PTO search will find only identical trademarks—not those that are confusingly similar—and your trademark must not be confusingly similar with any existing trademarks. It is important for new startups to look at other sources, such as state trademark registries, publications specific to the industry, and the web. It is also wise to consult a trademark lawyer who is adept at conducting strategic searches.

Select a trademark that is distinctive and strong, not just descriptive. Trademarks that are arbitrary or fanciful receive the strongest protection, while descriptive trademarks must acquire secondary meaning to be protected. You do not want to register and invest in the branding of a trademark only to have a court declare years later that your mark is invalid. You may also end up paying a significant amount in damages for using an infringing trademark.

For patents: conduct a basic but thorough search of prior art in your startup’s industry as early as possible. You must be able to answer the following 2 questions:

- Do you have the freedom to operate?
- What can you protect through your own patent filings?

It is important to do the research early and know the answers before filing for a patent. You might be asked these questions when looking for funding, trying to go public, or trying to get acquired. Furthermore, you do not want to waste time and money constructing a patent application that will get denied by the USPTO because all the claims are precluded by prior art.

3 Choosing the wrong trademark class or too many trademark classes

When registering your trademark, protection will apply only to the products and services you have listed on your trademark application form (“trademark classes”). The USPTO defines very specific trademark classes, and you must be careful that you are accurately describing the products or services that your trademark will apply to. On the flip side, it is also illegal to list every product or service on the application.

Your trademark must be attached to every product or service listed on the application. A trademark must also be in use in commerce to gain trademark rights, so you will own only the trademark rights in relation to the particular goods or services for which the mark is actually being used and the natural zone of expansion. For example, if you own a trademark for bicycles, you probably will not be able to prohibit someone else from using the same mark for a completely different product, such as curtains.

4 Failing to protect and enforce your trademark

There are a few ways that you might lose rights to your trademark. The following are pertinent to startup companies:

- **Not using your trademark.** You must be actively using your trademark in commerce (to identify your goods or services) to warrant protection and stop others from using a similar mark. You may also reserve a trademark for future use by filing an intent-to-use trademark registration application, but this mark will not be registered until you actually start to use the mark in commerce.
- **Abandonment.** Even if your mark is registered, you may lose rights to your trademark if you stop using the mark with no intent to use it again. Furthermore, if you stop using your trademark for three consecutive years, this creates a rebuttable presumption of abandonment of the mark.
- **Failure to police and enforce your mark.** You might lose your trademark rights if you do nothing to stop other parties from using marks that are confusingly similar to your mark. Even if your trademark is registered, the presence of similar marks in the market can cause your mark to lose distinctiveness, to become weaker as a source identifier, and to lose its value. Policing the trademark is not the USPTO's responsibility but the owner's responsibility. You must still be vigilant to prevent other parties from using your mark on their goods or services. This can involve steps like sending a cease-and-desist letter to an infringing party and filing a lawsuit against the infringing party if necessary. Lawsuits can accomplish two things:
 - 1) stopping the infringing party from using a mark that you believe is infringing on your trademark; and
 - 2) winning and collecting damages for any loss of business opportunity due to the infringing party's use of your mark.

5 Public disclosure of your technology before patent filing (e.g., printed publication, disclosures, availability for public sale)

It is important to avoid public disclosure of your ideas because you might lose the ability to patent this invention. If your ideas are publicly disclosed before you file a patent application:

- You must file a patent application within one year of disclosure or you lose patent rights in the U.S.

- You immediately lose almost all patent rights outside the U.S. because most countries have no grace period.
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6 Waiting too long to file patent applications as an attempt to save money

The United States follows the first-to-file rule. If you wait too long to file a patent application, you might lose the race completely. Even if you invented it first or worked hard to develop a similar product independently, but someone else filed for a patent first, you will not be able to obtain patent rights and will be prevented from doing business related to this invention.

Instead, you should invest a reasonable amount of your budget to develop and patent major innovations. File a provisional patent application to establish an earlier effective filing date, which will stay in effect for 12 months from the filing date. Doing so protects the date and delays attorney costs temporarily until filing the nonprovisional patent applications.

Unlike a patent application, a provisional patent application does not have to include a formal patent claim, an oath, or a declaration. Provisional applications also should not include any information disclosure (prior art) statement, since the USPTO does not examine provisional applications. It simply is used to establish an earlier effective filing for a subsequent nonprovisional patent application.

The provisional application will last for 12 months from the filing date and cannot be extended. During this 12-month period, the applicant must file the corresponding nonprovisional patent application claiming the benefit of the provisional application or convert the provisional application into a nonprovisional application.

7 Rushing to file a weak, poorly drafted initial patent application that offers little protection for your innovation

While it is important to file early because of the first-to-file rule, it is also important not to rush and prematurely file several patent applications that have little value. If the patent application is too narrow, it will provide little protection against competitors with competing similar products. However, if the application is too broad, it may not sufficiently support its claims. Furthermore, potential investors will want to know that the startup has strong protection over its key products.

8 Doing a quick Google image search and using unlicensed images on your website or blog

When you are looking for images to add to your website or blog, it may seem harmless to do a simple Google image search. However, using unlicensed images that you did not pay for or get permission to use can result in negative consequences. Most images found online are protected by copyright. It might seem like a small risk to use one of these images on your website, but since 2006, stock image companies have been aggressively going after infringing parties. Few lawsuits are filed, but these companies send letters to infringers demanding up to \$1,000 per image in damages.

Instead, use only licensed images or make sure you pay for or get permission from the copyright owner of the image. A good source for licensed images is Creative Commons on Flickr, where users can offer their photos and other images under a Creative Commons license. However, users can choose to allow or restrict certain rights to the image, so be sure to read the fine print for each image you use. For an interesting article on this litigation campaign against copyright infringement, see [The Stock Photo Industry's Massive Copyright Campaign](#).

9 Using pieces from copyrighted works without understanding “fair use”

It is always best to get the copyright owner's permission before using any amount of copyright-protected work, but the doctrine of “fair use” under the Copyright Act provides one defense against copyright infringement. The doctrine of “fair use” limits the rights granted to copyright owners, allowing other parties to use the copyrighted material in limited circumstances that would be considered “fair use.”

The Copyright Act identifies certain types of uses as fair use, including criticism, commentary, news reporting, teaching, scholarship, and research. Still, the rules are fuzzy and courts often come to conflicting decisions on the issue. Courts weigh the following four factors to determine whether the use of copyright material is fair use:

- Purpose and character of the use;
- Nature of the copyrighted work;
- Amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- Effect of the use upon the potential market for or value of the copyrighted work.

Determining whether your use of copyrighted material falls under fair use can be difficult, and it may be wise to consult an attorney before relying on a fair use defense to an infringement suit. For an explanation of these four factors, see [U.S. Copyright Office Information on Fair Use](#).

Further, business owners may assume that if they only use little pieces from other works, the amount copied is too small for courts to even conduct a fair use analysis. Like the fair use defense, there are no bright line rules for determining whether the use was de minimis, so be sure you understand the doctrine or consult an attorney.

10 Failing to maintain and renew your trademark registration

For a trademark registration to remain valid over time, the owner must file particular forms to renew this registration according to a very specific timeline. Click [here](#) for more information on the timing of filing the renewal forms and for links to these forms for renewing your trademark registration.

Intellectual Property Overview

	Trademarks	Copyright	Trade Secrets	Patent
Subject Matter	<ul style="list-style-type: none"> Source designation identifiers: logos, words, names, slogans, trade dress 	<ul style="list-style-type: none"> Literary works, musical works, dramatic works, drawings, business plans/charts, paintings, sculpture, fashion, graphic designs, architecture 	<ul style="list-style-type: none"> Generally, anything that can be kept secret (usually means formulas, methods, processes) 	<ul style="list-style-type: none"> Utility Patents: processes, machines, manufactured goods, methods, chemical, biological and compositions of matter Plant patents: plants Design patents: designs
Source of Law	<ul style="list-style-type: none"> Federal: Lanham Act State: Common law 	<ul style="list-style-type: none"> Federal: Copyright Act 	<ul style="list-style-type: none"> State law 	<ul style="list-style-type: none"> Federal: Patent Act
Standard for Protection	<ul style="list-style-type: none"> Distinctiveness Secondary meaning Use in commerce 	<ul style="list-style-type: none"> Original works of authorship fixed in a tangible medium of expression 	<ul style="list-style-type: none"> Secrets Efforts made to keep information secret Commercial value 	<ul style="list-style-type: none"> New Non-obvious Useful Subject matter restrictions Full disclosure
Type of Protection	<ul style="list-style-type: none"> Protection against consumer confusion Dilution 	<ul style="list-style-type: none"> Exclusive rights to perform, distribute, display, reproduce, make derivative works 	<ul style="list-style-type: none"> Misappropriation is forbidden 	<ul style="list-style-type: none"> Right to prevent others from making, using, selling, offering to sell, importing
Period of Protection	<ul style="list-style-type: none"> Perpetual, unless abandoned 	<ul style="list-style-type: none"> 70 years after the creator's death, or the last creator's death Works made for hire: 120 years after creation; or 95 years after first publication 	<ul style="list-style-type: none"> Until no longer secret 	<ul style="list-style-type: none"> 20 years from filing date 14 years for design patents
Costs of Protection	<ul style="list-style-type: none"> Registration filing fees 	<ul style="list-style-type: none"> Registration filing fee 	<ul style="list-style-type: none"> None, except costs to keep information secret 	<ul style="list-style-type: none"> Fees and costs, maintenance fees

Source: Professor Polk Wagner, University of Pennsylvania Law School

Trademarks

Trademarks are used to identify the source or producer of goods and services in a particular market. Trademark rights are secured and maintained through commercial use of the mark, regardless of whether the mark is registered with the USPTO. For example, one would have trademark protection simply for using the trademark on the goods. However, trademarks that are not registered are only protected in the territory in which the mark is actually used.

Federal Trademark Registration Eligibility Criteria

1 Trademark must be distinctive

- A trademark is inherently distinctive if it is immediately capable of identifying the product's unique source.
- Hierarchy of distinctiveness (from strongest protection to weakest protection):
 1. **Fanciful mark.** A made up word (e.g., Kodak, Exxon).
 2. **Arbitrary mark.** A random, common word arbitrarily chosen as the trademark that does not describe the goods or services (e.g., Apple (computers), Sprint (cell phones)).
 3. **Suggestive mark.** A word that suggests, but does not describe the characteristics of the goods or services (e.g., "Woolite" (wool cleaner)).
- A trademark may also become distinctive by acquiring secondary meaning through extensive and exclusive use over time, meaning that a consumer automatically associates this trademark with the source of the product. The following may only be registered if it has acquired secondary meaning:
 - descriptive marks = the word describes the qualities, characteristics, functions, purpose, or other features of the goods or services (e.g., Chap-Stick, Raisin-Bran);
 - generic marks;
 - marks that are deceptively misdescriptive of the goods or services;
 - geographically descriptive marks; and
 - a surname.

2 Actual use of the mark in commerce or intent to use the trademark in connection with the goods/services listed in an intent-to-use application

- If you have not started to use the mark in commerce, you can submit an intent-to-use application, but will later be required to submit a Statement of Use before the mark can be registered.

3 The following are not registrable:

- functional elements of the product or package design;
- marks that are disparaging to any persons or institutions;
- marks that falsely suggest an association with any persons or institutions;
- immoral, deceptive, or scandalous marks; and
- marks about which the USPTO finds that the applied for mark, when used for the goods or services covered by the application, is likely to be confused with a prior registered or applied for mark.

What are the advantages of registering the trademark with the USPTO even if registration is not required?

- Constructive notice to the public of your ownership of the mark;
- a legal presumption of your ownership of the mark and your exclusive right to use the mark nationwide on or in connection with the goods or services (or both) listed in the registration;
- the ability to bring an action concerning the mark in federal court;
- ease of registration in foreign countries; and
- the ability to file the U.S. registration with the U.S. Customs Service to prevent importation of infringing foreign goods.

Copyright

Copyright protection is established immediately once work is fixed to some tangible medium of expression, such as paper, computer memory, or other medium. Copyright protection is available only for the original expressions of ideas, but not the ideas or concepts themselves. For example, one can copy the recipes in an older recipe book to create your own recipe book as long as the text in the subsequent book is original. Furthermore, even if two works are similar or even completely identical, there is no copyright infringement if the second author independently created his own work and did not actually copy the earlier work.

Should You Register Your Copyright?

The work does not need to be published or registered to obtain copyright protection. Ownership of a copyright automatically vests in the creator(s) of the work. However, registration is required if you want to bring a copyright infringement action in federal court, and statutory damages are only available if your copyright was registered before the infringement or within 3-months after the work was first published.

However, many companies choose not to register their copyright for several reasons. Each individual work, including each new version or edition, must be separately registered. Furthermore, registering the work requires at least partial disclosure of the work to the public. Companies who are concerned about confidentiality may choose not to register their work, but instead to protect the material as a trade secret. Registration is really necessary only if you plan to sue someone for copyright infringement. You may still send cease-and-desist letters to infringing third parties even if your copyright is not registered.

What If An Employee Created The Work?

Although the creator of the work automatically owns the copyright, one exception to this general rule covers items known as works made for hire. To qualify as a work made for hire, the work must be either:

- created by an employee within the scope of their employment for this company; or
- specially commissioned, but there must be a written agreement between the creator and the commissioning party specifying that this work is work made for hire and all rights belong to the commissioning party.

If the work qualifies as a work made for hire, the employer or the commissioning party of the creator owns the copyright.

What Protections and Rights Do You Get if You Own the Copyright?

- The owner of the copyright enjoys the exclusive right to:
 - reproduce the work (including copies);
 - create derivative works based on the original work;
 - distribute copies; and
 - display or perform the work publicly.
- The owner of the copyright may license any or all of these exclusive rights to another party, on an exclusive or non-exclusive basis.

Trade Secrets

Trade secret protections can apply to business, financial, or technical information that is kept secret by the creator. Certain trade secrets may also qualify for copyright protection or patents. For example, a company may choose to protect a computer source code by keeping it a trade secret and maintaining confidentiality, or it may also protect it under copyright law or patent this code. However, the company loses trade secret protection if the information becomes generally known or ascertainable (e.g., if the company chooses to register the copyright and some portion of the code is deposited in the Library of Congress, if a patent is issued, or if the patent application is published).

Criteria for Trade Secret Protection

- 1** The information is not generally known or ascertainable outside of the owner's organization and control.
- 2** The owner derives economic value or business advantage from the information not being generally known.
- 3** The owner makes reasonable efforts to preserve its secrecy.

What Rights Do You Get If You Own the Trade Secret?

Owners of a trade secret can bring a lawsuit for misappropriation of the trade secret. Example include:

- a current or former employee's misuse or improper disclosure of the information;
- physical or electronic theft of documents; and
- breach of confidentiality agreement.

How Do You Maintain Trade Secret Rights?

The owner of a trade secret must make reasonable efforts to preserve the secrecy of this information within his organization, and also among third parties who need to use the information. Such third parties may include vendors, suppliers, and customers. The owner of trade secrets should have effective security measures and use written confidentiality agreements with everyone who has access to the information.

Patents

Patents offer the patent holder a monopoly over the use of the patented invention. A patent holder has the right to exclude others from making, using, or selling the invention within the U.S. or importing the invention into the U.S. A patent owner may also license its rights to others on an exclusive or non-exclusive basis.

The patent application remains confidential with the USPTO for 18 months. The USPTO publishes most utility patent applications—if they are still pending—18 months after the filing date. If the USPTO rejects a patent application, the applicant can appeal to the USPTO's internal Patent Trial and Appeal Board.

Is Your Invention Patentable?

Utility patent applications must meet the following requirements in order to be granted a patent:

1 Must fall within the categories of patentable subject matter:

- Process;
- Machine;
- Manufactured goods; and
- Composition of matter.

The Federal Circuit has carved out exceptions from these four categories that are not patentable:

- Laws of nature;
- Physical phenomena; and
- Abstract ideas.

However, the Federal Circuit has also held that some abstract ideas may be patentable if the claims contain an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application of the idea. See the [USPTO note on Patent Subject Matter Eligibility](#) for more guidance.

2 First-to-file

The first inventor to file an application to the invention gets patent rights regardless of who may have actually invented it first.

3 Prior Art

Cite any relevant prior art of which inventor is aware.

4 Disclose & describe in detail at least one embodiment of the invention

The invention must be explained along with the process of making and using the invention in full, clear, concise, and exact terms to allow any person of ordinary skill in the industry to make and use the invention without extensive experimentation.

5 Enumerate the specific claims to be granted

The claim(s) must specifically claim the subject matter that the inventor regards as the invention. The claims define the scope of the protection of the patent.

6 Invention must be novel

Your invention cannot be patented if the claimed invention was:

- already patented, described in a printed publication, or made available to the public (e.g., by public use or for sale); or
- described in another patent issued or in another patent application that was filed before your patent application.

If the inventor himself has publicly disclosed his invention (by publication or made available to the public for use or sale), he has one year to file a patent application before losing the ability to obtain patent protection.

7 Invention must be non-obvious

The claimed invention must be sufficiently different from the prior art such that the invention is non-obvious to a person having ordinary skill in the area. A patent may be refused even if the invention is not exactly shown by the prior art, but involves only one or more obvious differences over the prior art.

For example, the substitution of one color for another or changes in size are ordinarily not patentable.

For more information about filing a utility patent, see the USPTO note on [General Information Concerning Patents](#) and the [USPTO Patent Application Filing Guide](#).

Other kinds of patents:

- plant patents (protects distinct and new varieties of plants); and
- design patents (for new, original, and ornamental designs).

How Do You Challenge the Validity of a Patent That Has Already Been Issued in the USPTO?

Ex parte reexamination. Any person at any time may request that the USPTO reexamine a patent based on prior art and printed publications.

Post-grant review. Any person, except the patent owner, may file a petition for a post-grant review within 9 months after the patent issue date.

Inter partes review. Any person, except the patent owner, may file a petition for a review based ONLY on the ground that the challenged patent is not novel or is obvious in view of prior art or printed publications. The petition must be filed after the later of:

- 9 months after the patent issue date; or
- the termination of any post-grant review of the challenged patent.

Transitional business method patent post-grant review. This is available only if there is a patent infringement claim against the petitioner.

Submission of information to the USPTO. Any person at any time may submit:

- prior art; or
- statements by the patent owner in federal court or the USPTO.

To Maintain Patent Protection

- maintenance fees; and
- articles made or sold under a US patent must be marked with “patent” or “pat.” and the assigned number(s), or patent holder must provide the patent number and product information on a publicly accessible website.

Non-Disclosure Agreementⁱ

This Employee Non-Disclosure Agreement (“Agreement”) is entered into between [Employer Name], a [State of Incorporation or Location] [Type of Entity], (the “Employer”) and [Employee Name] (the “Employee”) (the Employer and the Employee are collectively referred to throughout this document as the “Parties”) on [Date] (the “Effective Date”).

In **consideration**ⁱⁱ of the Employee's employment by the Employer, the Parties agree as follows:

1 Confidentiality

- 1.1 Confidential Information.** The Employee understands and acknowledges that during the course of employment by the Employer, [he/she] will have access to and learn about confidential, secret and proprietary documents, materials, data and other information, in tangible and intangible form, of and relating to the Employer and its businesses (“Confidential Information”).ⁱⁱⁱ
- 1.2 Commercial Value.** The Employee further understands and acknowledges that this Confidential Information and the Employer's ability to reserve it for the exclusive knowledge and use of the Employer is of great competitive importance and commercial value to the Employer, and that improper use or disclosure of the Confidential Information by the Employee will cause irreparable harm to the Employer.^{iv}
- 1.3 Scope.** For purposes of this Agreement, Confidential Information includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating to the Employer or its businesses or of any other person or entity that has entrusted information to the Employer in confidence.^v
- 1.4 Other Information.** The Employee acknowledges that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.
- 1.5 New Information.** Confidential Information developed by the Employee in the course of [his/her] employment by the Employer

Non-Disclosure Agreement

will be subject to the terms and conditions of this Agreement as if the Employer furnished the same Confidential Information to the Employee in the first instance.

- 1.6 Public Information.** Confidential Information will not include information that is generally available to and known by the public, provided that such disclosure to the public is through no direct or indirect fault of the Employee or person(s) acting on the Employee's behalf.

2 Disclosure and Use Restrictions

2.1 Employee Duties. The Employee will:

- (A) treat all Confidential Information as strictly confidential;^{vi}
- (B) not directly or indirectly disclose, publish, communicate or make available Confidential Information^{vii}, or allow it to be disclosed, published, communicated or made available, to any entity or person not having a need to know and authority to know and use the Confidential Information in connection with the business of the Employer; and
- (C) not access or use any Confidential Information, and not to copy any resources containing any Confidential Information, or remove any such resources from the premises or control of the Employer, except as required in the performance of the Employee's authorized employment duties to the Employer or with the prior consent of an authorized officer acting on behalf of the Employer.

2.2 Legal Disclosures; Employee Rights

- (A) Nothing in this document will be construed to prevent disclosure of Confidential Information as may be required [or permitted] by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency. The Employee will provide written notice of any such order to an authorized officer of the Employer within [Number] [hours/days] of receiving such order, but in any event sufficiently in advance of making any disclosure to permit the Employer to contest the order or seek confidentiality protections.
- (B) This Section does not, in any way, restrict the Employee from exercising protected rights to the extent that such rights cannot

be waived by agreement, or otherwise disclosing information as permitted by law.^{viii}

2.3 Duration of Confidentiality Obligations. The Employee understands and acknowledges that [his/her] obligations under this Agreement will commence immediately upon the Employee first having access to such Confidential Information and will continue during and after [his/her] employment by the Employer until such time as such Confidential Information has become public knowledge other than as a result of the Employee's breach of this Agreement or breach by those acting in concert with the Employee or on the Employee's behalf.^{ix}

3 Proprietary Rights^x

3.1 Work Product. The Employee acknowledges and understands that all [writings, works of authorship, technology, inventions, discoveries, ideas and other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived or reduced to practice by the Employee individually or jointly with others] during the period of [his/her] employment by the Employer and relating in any way to the business or contemplated business, research or development of the Employer (regardless of when or where the Work Product is prepared or whose equipment or other resources is used in preparing the same) and all printed, physical and electronic copies, all improvements, rights and claims related to the foregoing, and other tangible embodiments thereof (collectively, "Work Product"^{xi}), as well as any and all rights in and to copyrights, trade secrets, trademarks (and related goodwill), patents and other related intellectual property rights arising in any jurisdiction throughout the world and all related rights of priority under international conventions, including all pending and future applications and registrations, and continuations, divisions, continuations-in-part, reissues, extensions and renewals thereof (collectively, "Intellectual Property Rights"), will be the sole and exclusive property of the Employer.^{xii}

3.2 Employer Information. For purposes of this Agreement, Work Product includes, but is not limited to, Employer information [such as . . .].^{xiii}

4 Work Made for Hire; Assignment

4.1 Acknowledgement. The Employee acknowledges that, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in the Copyright

Non-Disclosure Agreement

Act of 1976 (17 U.S.C. § 101), and such copyrights are therefore owned by the Employer.^{xiv}

4.2 Employee Assignment. The employee assigns to the Employer, for no additional consideration, the Employee's entire right, title and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all corresponding rights throughout the world.

4.3 Employer Rights. Nothing contained in this Agreement will be construed to reduce or limit the Employer's rights, title or interest in any Work Product or Intellectual Property Rights so as to be less in any respect than that the Employer would have had in the absence of this Agreement.^{xv}

5 Further Assurances; Power of Attorney

5.1 Employee Assurances. During and after [his/her] employment, the Employee will reasonably cooperate with the Employer [at the Employer's expense^{xvi}] to:

- (A) apply for, obtain, perfect, and transfer to the Employer the Work Product and Intellectual Property Rights in the Work Product in any jurisdiction in the world; and
- (B) maintain, protect and enforce the same, including, without limitation, executing and delivering to the Employer any and all applications, oaths, declarations, affidavits, waivers, assignments, and other documents and instruments as will be requested by the Employer.

5.2 Power of Attorney. The Employee grants the Employer power of attorney to execute and deliver any such documents on the Employee's behalf in [his/her] name and to do all other lawfully permitted acts to transfer the Work Product to the Employer and further the transfer, issuance, prosecution, and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if the Employee does not promptly cooperate with the Employer's request (without limiting the rights the Employer will have in such circumstances by operation of law).

5.3 Cooperation After Employment. The power of attorney is coupled with an interest and will not be affected by the Employee's subsequent incapacity.^{xvii}

Non-Disclosure Agreement

6 Moral Rights^{xviii}

To the extent any copyrights are assigned under this Agreement, the Employee waives, to the extent permitted by applicable law, any and all claims the Employee may now or hereafter have in any jurisdiction to all rights of paternity, integrity, disclosure, and withdrawal and any other rights that may be known as “moral rights” with respect to all Work Product and all Intellectual Property Rights **therein.**^{xix}

7 No License

The Employee understands that this Agreement does not, and will not be construed to, grant the Employee any license or right of any nature with respect to any Work Product or Intellectual Property Rights or any Confidential Information, materials, software, or other tools made available to [him/her] by the Employer.

8 Security and Access

The Employee will comply with all Employer security policies and **procedures**^{xx} as in force from time to time (“Facilities Information Technology and Access Resources”).

9 Exit Obligations

Upon (i) voluntary or involuntary termination of the Employee's employment or (ii) the Employer's request at any time during the Employee's employment, the Employee will:

- 9.1 provide or return to the Employer any and all Employer property and all Employer documents and materials belonging to the **Employer**^{xxi} and stored in any fashion, that are in the possession or control of the Employee; and
- 9.2 delete or destroy all copies of any such documents and materials not returned to the Employer that remain in the Employee's possession or **control.**^{xxii}

10 Publicity

10.1 Employee Consent. Employee consents to any and all uses and displays, by the Employer and its agents, of the Employee's name, voice, likeness, image, appearance, and biographical **information**^{xxiii} at any time during or after the period of [his/her] employment by the Employer, for all legitimate business purposes of the Employer (“Permitted Uses”).

Non-Disclosure Agreement

10.2 Indemnity. Employee releases the Employer and its directors, officers, employees and agents from any and all claims, actions, damages, losses, costs, expenses, and liability of any kind in connection with any **Permitted Use.**^{xxiv}

11 Acknowledgement

11.1 Services Rendered. The Employee acknowledges that the services to be rendered by [him/her] to the Employer are of a special and unique character; that the Employee will obtain knowledge and skill relevant to the Employer's industry, methods of doing business and marketing strategies by virtue of the Employee's employment; and that the terms and conditions of this Agreement are reasonable under these circumstances.

11.2 Compensation for Services. The Employee further acknowledges that the amount of [his/her] compensation reflects, in part, [his/her] obligations and the Employer's rights under this Agreement; that [he/she] has no expectation of any additional compensation, royalties or other payment of any kind not otherwise referenced in this document; that [he/she] will not be subject to undue hardship by reason of [his/her] full compliance with the terms and conditions of this Agreement or the Employer's enforcement thereof; and that this Agreement is not a contract of employment and will not be construed as a commitment by either of the Parties to continue an employment relationship for any certain period of **time.**^{xxv}

11.3 *Note: [For at-will employees: Nothing in this Agreement will be construed to in any way terminate, supersede, undermine or otherwise modify the at-will status of the employment relationship between the Employer and the Employee, pursuant to which either the Employer or the Employee may terminate the employment relationship at any time, with or without cause, with or without **notice.**]^{xxvi}

12 Remedies

12.1 Acknowledgement. The Employee acknowledges that the Employer's Confidential Information is of great competitive importance and commercial value to the Employer, and that improper use or disclosure of the Confidential Information will cause irreparable harm to the Employer, for which remedies at law will not be adequate.

Non-Disclosure Agreement

12.2 Event of Breach. In the event of a breach or threatened breach by the Employee of any of the provisions of this Agreement, the Employer will be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that monetary damages would not afford an adequate remedy, and without the necessity of posting any bond or other security.

12.3 Relief. The equitable relief will be in addition to, not in the place of, legal remedies, monetary damages or other available forms of relief.

13 Successors and Assigns

13.1 Assignment by the Employer. The Employer may assign this Agreement to any subsidiary or corporate affiliate [in the Employer or otherwise], or to any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employer. This Agreement will inure to the benefit of the Employer and permitted successors and assigns.

13.2 No Assignment by the Employee. The Employee may not assign this Agreement or any part hereof. Any purported assignment by the Employee will be null and void from the initial date of purported assignment.

14 Severability

14.1 Validity of Agreement. Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement will be held as unenforceable and thus stricken, such holding will not affect the validity of the remainder of this Agreement, the balance of which will continue to be binding upon the Parties with any such modification to become a part of this Agreement.

14.2 Modification. Any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement or by making such other modifications as it deems warranted to carry out the intent and agreement of the Parties as

Non-Disclosure Agreement

reflected in this document, to the maximum extent permitted by law. This Agreement as so modified by the court will be binding upon and enforceable against each of them.

14.3 Validity after Modification. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provisions, and if such provision or provisions are not modified as provided above, this Agreement will be construed as if such invalid, illegal or unenforceable provisions had not been set forth in this document.^{xxvii}

15 Miscellaneous Provisions

15.1 Arbitration. Any dispute, controversy or claim arising out of or related to this Agreement or any breach of this agreement will be submitted to and decided by binding arbitration. Arbitration will be administered exclusively by [Selected Arbitration Organization] and will be conducted consistent with the rules, regulations and requirements thereof. Any arbitral award determination will be final and binding upon the Parties.^{xxviii}

15.2 Governing Law. This Agreement, for all purposes, will be construed in accordance with the laws of [State] without regard to conflicts-of-law principles.^{xxix}

15.3 Jurisdiction and Venue. Any action or proceeding by either Party to enforce this Agreement will be brought only in any state or federal court located in the state of [State][, county of [County]]. The Parties submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.^{xxx}

15.4 Entire Agreement. Unless specifically provided, this Agreement contains the final and exclusive agreement between the Parties pertaining to its subject matter and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.^{xxxi}

15.5 Modification and Waiver. No provision of this Agreement may be amended or modified unless the Employee and [a duly authorized officer of the Employer (other than the Employee)/[Position]] agree to such amendment or modification in writing. No waiver by either of the Parties of any breach by the other party of any

Non-Disclosure Agreement

condition or provision of this Agreement to be performed by the other party will be deemed a waiver of any provision at the same or any prior or subsequent time, nor will the failure of or delay by either of the Parties in exercising any mentioned right, power or privilege operate as a waiver to preclude the exercise of any other such right, power or privilege.

15.6 Captions. Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

15.7 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

In witness whereof, the Parties have executed this Agreement as of the Effective Date above.

[Employer Name]

By: _____

Name: [Name of Authorized Officer]

Title: [Title of Authorized Officer]

[Employee Name]

Signature: _____

Print Name: _____

Non-Disclosure Agreement

ⁱ Entrepreneurs should strongly consider having their employees sign Non-Disclosure Agreements (“**NDA**”) to protect the employer’s confidential and commercially valuable information and to retain ownership of intellectual property. More information on NDAs for entrepreneurs can be found here: <http://www.entrepreneur.com/article/228140>.

ⁱⁱ The employer must provide consideration for the employee’s obligations under this NDA. This document assumes that the employee signs the agreement at the beginning of new employment. If the employee is already employed at the time of signing the NDA, the employer should research whether there is sufficient consideration under state law for this agreement to be enforceable.

ⁱⁱⁱ The lists in these sections which describe the employer’s confidential information should be modified to reflect the employer’s business and industry. The employer should also note any relevant third parties with confidential information that the employee might access.

^{iv} Employers should explain why the protected information needs to be kept confidential (e.g., because the information has commercial value to the employer and gives the employer a competitive advantage).

^v An employer should customize the definition of confidential information according to the nature of its business and industry and to be narrowly tailored to the employer’s business. This will help to ensure that the agreement is enforceable. The employer may wish to specify materials that are relevant to the employment, such as trade secrets, customer lists, research, terms of agreements, software design, business practices, techniques, information, potential transactions, financial information, and information about pricing, marketing, advertising, sales, customers, personnel, etc.

^{vi} Here courts will look at: (1) What information the employee can access during the normal course of business; and (2) Whether the employee is required to obtain authorization to access any of the material in this section.

^{vii} An employer may grant the employee authorization to use or disclose confidential information depending on: (1) The employer’s business organization and management structure; (2) The nature of employee’s position and job responsibilities; or (3) The importance of the particular confidential information at issue.

^{viii} An employer should ensure that the disclosure and use restrictions meet its legitimate business needs, taking the definition of confidential information into account. Employers seeking to preserve trade secrets may want to limit the disclosure of that information to a specified group of individuals who need the information to perform their jobs.

^{ix} Time limits on the duration of a confidentiality agreement generally are not required for enforceability.

^x Sections 3 and 4 are important to ensure that the employer retains ownership of its intellectual property and that employees do not take that intellectual property and use it for purposes not in the employer’s interest.

^{xi} Customize this section based on what applicable terms fall into the employee’s work product.

Non-Disclosure Agreement

- ^{xii} Employers should tailor this to include specific types of proprietary work product that employees might produce in the course of their employment.
- ^{xiii} The employer should specify the definition of employer information here with types of documents or material to which the employee will have access, such as inventions, research, product plan and designs, and information about customers, manufacturing, marketing, advertising, sales, etc.
- ^{xiv} More information on work made for hire can be found at <http://copyright.gov/circs/circ09.pdf>.
- ^{xv} This section includes a present assignment of the employee's interest in all other work product and IP rights to ensure that the employer owns the IP.
- ^{xvi} The employer typically covers these expenses, but it may choose not to include this language (although this may affect the employees' efforts to comply with anything beyond signing documents).
- ^{xvii} Here, the employee agrees to assist the employer to the extent necessary to protect the employer's interest in the work product and IP rights. The employer may need the employee's assistance, even after employment, when seeking to obtain certain IP rights or enforcing those rights.
- ^{xviii} Moral rights are statutory rights that give a copyrighted work's author the right to be identified as the author and to object to any distortion, mutilation or other modification of the work.
- ^{xix} This provision ensures that the employer can rely on the agreement as constituting a waiver of all moral rights relating to copyrighted works created during employment. For more information about moral rights, you may visit: <https://cyber.law.harvard.edu/property/library/moralprimer.html>.
- ^{xx} Employer should customize this section with any security procedures including passwords or restricted access measures at the place of employment.
- ^{xxi} Employer may wish to customize these materials with relevant items.
- ^{xxii} Employer should include specific references to employer property and every location and device where confidential information or work product might be stored and consider the employer's specific storage, filing, documentation, IT and security practices.
- ^{xxiii} Employer may wish to specify with details of the future publicity.
- ^{xxiv} This is an optional publicity provision and might not be relevant to the employer's business. If that is the case, it can be removed from the agreement. Employers should also consider whether they want to include a non-disparagement clause that prohibits defamatory statements about a company's products and services or officers (although the latter may be not enforceable if overly broad).
- ^{xxv} It is recommended that employers include an acknowledgment within the confidentiality and proprietary rights agreement to minimize the risk of later disputes with the employee, especially with regard to the terms of at-will employment (if applicable).

Non-Disclosure Agreement

^{xxvi} Use this language only if the employee is at-will. For at-will employees, employers also have the option of integrating confidentiality and proprietary rights obligations provisions into an employment agreement.

^{xxvii} This provision will help to ensure that the remainder of the agreement is enforceable should any of its provisions be declared otherwise.

^{xxviii} Include this provision only if the employer wishes to resolve disputes through arbitration. Before including an arbitration clause, employers should review relevant state law to determine whether arbitration clauses in the context of employment are enforceable.

^{xxix} When choosing the state law to govern the agreement, employers should choose the law of a state to which the employment in question bears some relationship. For example, the state in which the employer is located or where the job duties will be performed would be a reasonable basis for choosing the law of that state. Other considerations for the employer, when selecting states for governing law include: (1) The state with the most beneficial laws for the employer; (2) The Employer's convenience; and (3) Does the employer have a better understanding of the law in any particular state?

^{xxx} Employers should consider whether to draft the agreement to favor enforcement in one jurisdiction exclusively or to allow for some flexibility with jurisdictions.

^{xxxi} Employers can modify this section if they wish for other agreements with the employee to be enforceable.