

Monday, October 25 4:30pm-6:00pm

409 - Best Practices for Protecting Your IP in Established Markets

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Session 409

Faculty Biographies

Jon Dudas

Jon Dudas is the president of FIRST(R) (For Inspiration and Recognition of Science and Technology), a not-for-profit organization founded by inventor Dean Kamen to inspire young people's interest and participation in science and technology. FIRST reaches hundreds of thousands of kids and dramatically increases their opportunities to go to college and to succeed in careers that depend upon math and science.

Prior to joining FIRST, Mr. Dudas was a partner in the Washington DC office of Foley & Lardner, LLP. Previously, Mr. Dudas culminated his fourteen years of service to the US Government as Under Secretary of Commerce for Intellectual Property and Director of the US Patent and Trademark Office (USPTO). As the head of the USPTO, he led a performance-based government agency with 9,000 employees and a \$2 billion annual budget. He also personally spearheaded an unprecedented number of intellectual property cooperation and development missions with China, India, Europe, Brazil, and several other countries to improve IP systems globally and help inventors establish and enforce IP rights throughout the world.

Mr. Dudas received a BS from the University of Illinois at Urbana-Champaign and his JD from the University of Chicago Law School.

Herbert Kunz

Eversheds, LLP

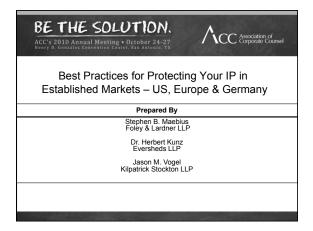
Jason Vogel

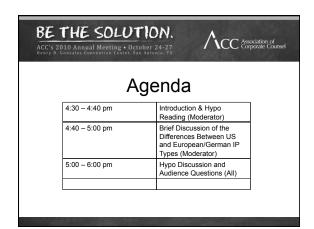
Jason M. Vogel is a partner at Kilpatrick Stockton LLP, where his practice is focused on US and international trademark portfolio and conflict management. His experience includes counseling on complex multijurisdictional trademark conflicts, clearance, brand management, enforcement and transactions for leading companies in the entertainment, technology, financial services, apparel, pharmaceutical and food and restaurant services industries.

Prior to joining Kilpatrick Stockton, Mr. Vogel served as an associate at Fross Zelnick Lehrman & Zissu and Kramer Levin Naftalis & Frankel, and as adjunct professor of advanced trademark law at the Yeshiva University Benjamin N. Cardozo School of Law.

Mr. Vogel has written and spoken extensively on the Madrid Protocol, European Union expansion, trademark protection in the Asia-Pacific Region, and other topics.

Mr. Vogel graduated from the Berklee College of Music and is a graduate of the Yeshiva University Benjamin N. Cardozo School of Law.



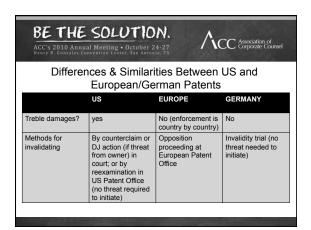


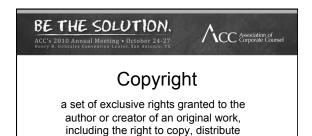


Patent

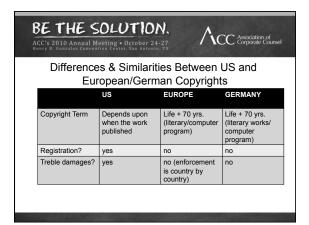
a set of exclusive rights granted by a state (national government) to an inventor or their assignee for a limited period of time in exchange for a public disclosure of an invention.

ACC's 2010 Annua	SOLUTIO	4-27	C Association of Corporate Counsel
Differences & Similarities Between US and European/German Patents			
	US	EUROPE	GERMANY
Patent Term	20 years from filing date (plus PTA)	20 years from filing date	20 years from filing date
Who receives	First inventor to invent (as proven by lab notes)	First to file in patent office	First to file in patent office
Grace Period	1 year for inventor publication	None	None
Employee rights by statute	None	Yes ("reasonable compensation")	Yes (very detailed law spelling out compensation)





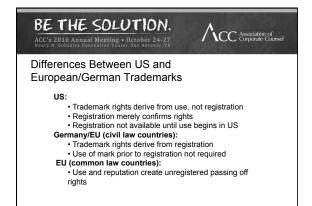
and adapt the work. Copyright does not protect ideas, only their expression or fixation.





Trademark

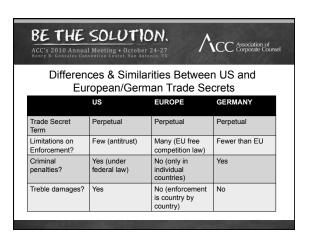
a distinctive sign or indicator used by an individual, business organization, or other legal entity to identify that the products or services to consumers with which the trademark appears originate from a unique source, and to distinguish its products or services from those of other entities.

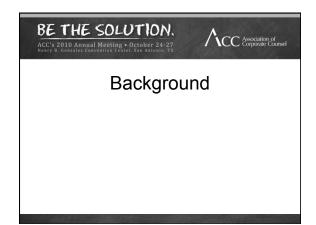




Trade Secret

a formula, practice, process, design, instrument, pattern, or compilation of information which is not generally known or reasonably ascertainable, by which a business can obtain an economic advantage over competitors or customers.





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- 4 Main Types of IP
- Patent
 - U.S.: utility, design, & plant
 - Europe: patent, design (not a patent)
 - Germany: patent, utility model, design (not a patent)
- Trademark
- · Trade secrets
- Copyright



- Deal Strategy Sorting IP Types
- · Trade secret license may have perpetual royalty duration, whereas patents expire
- · Importance of separating royalty types in deal structure for each type of IP



Deal Strategy - Restricting Competition

- · U.S. antitrust or European unfair competition laws may restrict bundling of IP or prohibit provisions that restrict licensee from competing in future areas
- US generally allows IP rights holder greater ability to restrict competition than is the case in Europe
- Therefore different provisions needed for US and Europe

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Verifying Ownership/Right to Sublicense

- · Review documents conveying title:
 - Assignments, third party licenses, employment agreements
- · Consider implications of type of ownership:
 - Can seller convey a right to sublicense?
 - Can seller convey rights under jointly held

BE THE SOLUTION. Association of Corporate Counsel ACC's 2010 Annual Meeting • October 24-27 Henry B. Gonzalez Convention Center, San Antonio, TX Verifying Ownership/Right to Sublicense

- . U.S.: Jointly owned patents may be nonexclusively licensed by either owner without permission from the other (absent agreement to the contrary)
- Europe: a joint owner may not license (even non-exclusively) a jointly held patent without permission of the other party (absent agreement to the contrary)

BE THE SOLUTION. Association of Corporate Counsel Verifying Ownership/Right To Sublicense · special considerations for non-US inventors

- German employee inventor law:

 employee invention initially belongs to the employed inventor, who must immediately report this invention to his employer.
- nis employer.

 patent application filed by employer within 4 months of the reported invention usually has the effect that all rights of the invention are passed to the employer employer has to pay a reasonable compensation to the employee for his invention
- agreements between employer and inventors regarding the ownership of an invention prior to the date the invention was made by the inventor are void.

A Tale of Two Companies

Hypothetical Fact Pattern

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Title: 409 - Best Practices for Protecting Your IP in Established Markets

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Typhoon Gaming Technologies (TGT)

TGT is a software company that develops and licenses gaming applications to online content providers and social media websites. It has development facilities both in Sunnyvale, California and in Frankfurt, Germany.

After two years of development, TGT has developed a revolutionary massively multiplayer online game platform called "HyperCube", configured to run on interconnected clusters of inexpensive Linux computers. HyperCube has three parts:

"HyperCore" - a runtime software engine, provided to licensees in compiled (i.e., non-human readable) machine code. TGT and its former collaboration partner X-Media recently received U.S. Pat. 7,654,321, entitled Methods for Massively Multiplayer Online Gaming, and have submitted a corresponding patent application (PCT National Phase) in Germany. TGT and X-Media jointly own the '321 patent and foreign counterparts under the terms of their now terminated collaboration agreement.

"HyperMod(s)" - customizable gaming environments for the HyperCore engine that are provided to licensees in source (i.e., human readable) code for localization and customization. Current HyperMods include summer and winter Olympic competition, modern warfare, aerial combat, and fantasy realms.

"HyperAd" - a runtime advertisement delivery system that remotely interacts with the HyperMods by directly inserting advertisements based on the user profile into game play, for example as background billboards or signs.

One very exiting feature of HyperCube is the ability of users to customize their virtual environments by uploading media (e.g., music, images, video) in almost any format, and then share this media with other users. For example, a user can upload a rock music soundtrack that plays in an aerial combat HyperMod.

In addition, HyperCore includes digital rights software that will remove the native media DRM (digital rights management) and then insert TGT developed DRM in order to provide a more robust yet IP protected gaming environment.

TGT expressly forbids its licensees to develop any derivative works from its software, as well as to reverse engineer any compiled code. Furthermore, licenses are forbidden from registering any IP rights, such as patents, on any technology that is derivative of HyperCube.

Bavarian Imagination Media (BIM)

BIM is a Munich based internet entertainment portal that wants to license HyperCube from TGT. It has already internally developed several modestly successful games for the local German market. The CEO of BIM, having personally experienced a demo of HyperCube at the European iGaming Congress and Expo, has decided that exclusively licensing HyperCube will make BIM one of the leading online entertainment companies in Germany.

However, the general counsel of BIM has received a draft of the licensing agreement and has several concerns.

First, as a software developer itself, BIM may become contaminated by being exposed to the HyperMod source code. That is, it may not be able to develop other online multiplayer games without being accused of infringing on TGT's trade secrets. BIM has plans to develop new games for the French, Italian, and Spanish markets.

Second, TGT requires intrusive unannounced audits in order to determine the correct royalty payments.

Third, HyperAd will expose user profile information to TGT, which may violate local privacy law.

Fourth, TGT will own the URL to BIM's HyperCube website, and will license the URL back to BIM.

Fifth, there already exists a German software company called Hypercube GmbH (www.hypercube.de) that develops and licenses commercial simulation software for the training of airline pilots and air traffic controllers. It has further registered the Hypercube mark in Germany.

And sixth, TGT wants to be indemnified for the uploading of any media and for the use of the TGT DRM system.

The companies have set up a meeting next week to discuss the licensing agreement and next steps. What would you advise each company?

Discussion Points

- 1. With respect to a commercial agreement, what are the general differences between German/European law and US law?
- 2. With respect to TGT's '321 patent and corresponding German patent application, what rights does TGT have in Germany?
- 3. With respect to trades secrets contained in the HyperMod source code, is there any way for BIM to avoid contamination? Are there limits to the confidentiality period that a German court will enforce?
- 4. Can TGT prevent BIM from developing any derivative works and registering any IP rights regarding HyperCube?
- 5. How should the parties proceed with the patent license given that TGT does not solely own the '321 patent or its counterparts?
- 6. Are there any copyright issues related to stripping existing DRM from media that is uploaded into a HyperMod by a user?
- 7. Can BIM legally share user profile information with TGT? Is BIM required to share the profile information with the German government?
- 8. What should be considered when deciding choice of law/arbitration provisions in the commercial agreement?
- 9. Are TGT's auditing requirements enforceable in Germany?
- 10. What would be the best negotiation strategy for each side?



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