



401 - IP Horror Stories

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Jeffrey Hyman is a group counsel at Intel Corporation in Santa Clara, CA, where he manages the legal affairs of Intel's handheld computing and wireless products divisions.

Mr. Hyman was a commercial and IP litigator in private practice prior to joining Intel. He is also the chair of Intel's corporate pro bono program.

Mr. Hyman completed his undergraduate studies at UC Santa Cruz, and was an honors graduate at Santa Clara University's School of Law.

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IP 401 IP Horror Stories

**Jeff Hyman
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“12”

**A heart-pounding, nerve-wracking
new drama about one in-house
attorney’s really rough day.**



Hypothetical #1

- The following takes place between 8 and 9 a.m.
- In a cubicle.
- Before you have your coffee.
- Oy.



How would you handle the immediate situation?

- Consider restructure of deal with Buyer.
 - Could ABC “make” or “sell” the product post-deal as permitted by WSI agreement?
- Get creative and go work a deal with WSI.
 - What role for ABC and Buyer in this effort?
 - Who pays for the ‘gives?’ ABC? Buyer?
- Prepare litigation assessment and then talk to Buyer about consequences of refusing to close.
 - But, consider concessions to get WSI to close.
 - Understand that ABC may not have alternatives.

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What advice would you give to avoid situation in future?

- Be careful what you ask for in deals ...
 - Need to think several steps ahead when structuring a technology development deal. Do you really want to limit your flexibility when future is rarely so clear?
- Avoid joint IP ownership like the plague.
- When selling a business unit or product line, know thy Buyer well.
 - You are basically getting married.
- Bust out the crayons, if you must ...
 - Be crystal clear. Hiding the ball or understating ‘warts’ in a divestiture can come back to bite you.

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Hypothetical #2

- The following takes place between 9 and 10 a.m.
- You feel a dull ache in your tummy.
- What's that headhunter's number again?
- Uggh.

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How would you handle the immediate situation?

- These facts have created issues that need to be resolved; Traynor has a very colorable copyright claim, a possible trade secret claim, and miscellaneous additional state law claims.
- It may be better to resolve this matter before litigation; the fact that Traynor has contacted your client without filing suit or hiring an attorney indicates that she is willing to talk to settle the claim.
- The client may not be able to continue to use the program.

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What advice would you give to avoid situation in future?

- Training: Avoid misconceptions: (a) if no money is spent, it is not really a legal document; (b) an agreement with no money exchanging hands is harmless.
- Training: Intellectual property is not always about technology; copyrights are not just books, music and movies; this may be very counter intuitive to some people.
- Client procedures: analyze how the facts deviated from established procedures.



Hypothetical #3

- The following takes place between 10 and 11 a.m.
- So much for lunch today.
- That 3000 billable hour a year job at Dewie Cheetham and Howe is starting to sound better



How would you handle the situation?

- Defend cease and desist claim by asserting joint ownership or invalidity of asserted patent
 - Inventorship = claim by claim analysis; Ownership = whole patent
 - Can TBD “defend” by asserting patent against ASAP licensee?
- Respond to GC with risks on suing competitor
 - Can/must TBD correct patent (claim) inventorship issues?
 - Competitor could get a license from ASAP/Plum who have no duty to account to TBD
 - Competitor may counterclaim with its own patents
- Consider employment/HR issues to address with Ernie
 - Disclosure of Confidential Info, engagement without proper agreements

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What advice would you give to avoid situation in future?

- Ensure that employees working on collaborations have training on working with other companies
- Good legal agreements in collaborations need to address:
 - Ability of parties to monetize investment (i.e., license restrictions and patent ownership)
 - Background IP licensing issues to ensure ability to use work product
 - Assurance that contributors must assign inventions to their employer and keep work confidential
 - Special consideration needed with SRAs with universities
- Train employees on handling confidential information and knowing when to involve legal

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HYPOTHETICAL 3

Alan Polaski, Group Counsel
Intel Corporation -- Digital Home Group

Ernie Engineer has been leading a team at Turbulence Building Designs (TBD) developing a new hybrid airplane design that captures energy that would otherwise be lost and uses it to charge batteries that can be tapped as a fuel source, resulting in greater fuel efficiency.

Ernie's employment agreement assigns to TBD rights to all inventions he develops and prohibits him from disclosing Confidential Information.

Ernie and his team have been struggling for months with developing hybrid technology that actually increases the overall efficiency, and decided to turn to other sources for inspiration and assistance. Ernie sent one of his new hires, Eager, to a conference on hybrid technology at which several university professors would be presenting their research. Eager finds some promising ideas, especially from Professor Plum, who is looking for a research grant.

Ernie also contacted his old college roommate, Bert, who is working at an automotive company, ASAP, that is developing next generation hybrid technology for cars. Ernie tells Bert about the project that TBD is working on, and asks whether Bert thinks there might be some synergy between efforts. They get together at a bar, and over the course of several hours and rounds of drinks, they leave with napkins full of promising ideas.

The next week, Ernie after meeting with Eager, agrees by email to give Prof. Plum \$50,000 to continue his research, and provide TBD with the results. There's no other more formal agreement with Prof. Plum.

In addition, Ernie and Bert decide to continue to work together, and in fact agree to have several of their people brainstorm together. Each figured that since they are not competitors, working together to solve common problems can only benefit each company.

Both projects bear fruit, with Prof. Plum's research leading to the development of micro-turbines distributed over the airframe that act as mini-generators, and the joint research between TBD and ASAP resulting in new lighter weight rechargeable batteries. Engineers from both companies, as well as Prof. Plum all independently file patent applications, which amazingly in less than a year have all been granted by the USPTO.

Your GC has requested you to sue a competitor using one of the newly issued patents, and you've received a cease and desist complaint from an exclusive licensee to ASAP's patent on lighter batteries that TBD has just started producing. You just completed your interview of Ernie and Eager, where you learned all of the above facts, none of which you or the patent department knew before today.