

ASSOCIATION OF CORPORATE COUNSEL

TITLE: How To Get the Most Out of Your IP

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Operator: Welcome to this ACC webcast. Fabian, please go ahead.

Fabian Gonell: Good morning or afternoon depending on where you are. My name is Fabian Gonell. I am an attorney at QUALCOMM Incorporated, and I would like to welcome you all to this ACC webcast. We are very fortunate today to have two wonderful presenters from the firm of Dickstein Shapiro, LLP. Dickstein is a national firm with a robust and highly regarded IP practice.

Our first presenter is Megan Woodworth. Megan has been at Dickstein since September 2003 after graduating from the University of North Carolina at Chapel Hill with honors. She recently clerked for the Honorable Kimberly Moore on the U.S. Court of Appeals for the Federal Circuit, and she focuses her practice on patent law, including litigation, opinion work and patent prosecution.

Our second presenter is Kenneth Brothers. Mr. Brothers is a highly experienced trial lawyer with over 20 years of IP and other litigation experience. He has been with the Dickstein since 2001 and he has done a number of high-profile litigations that you can see on his biography. Mr. Brothers is not only an accomplished litigator, but he is also very experienced in negotiating and drafting license agreements and nondisclosure agreements related to intellectual property.

As a reminder for those of you taking this course for CLE credits, it will be necessary for you to take the evaluation after the course is over, and that is available at the webcast evaluation link in your links bar. And now without any further adieu, I give you Mr. Brothers and Ms. Woodworth.

Megan Woodworth: Thank you, Fabian, and thank you for that very kind introduction. And thank you also for participating today and helping us lead this discussion. We also wanted to remind you in addition on your links bar, you should be able to find a link to the IP Primer InfoPAK, which is the source of a lot of the information for our discussion today. You can find further information either there or you will have additional links available at the end to contact either Ken or myself.

So good afternoon, and the discussion today is "How To Get The Most Out Of Your IP." I think that this is a timely discussion in terms of what we all know is going on in the economy. We want to present to you some information on cost effective strategies. Our discussion today is going to be focused on what our company is protecting, why your company is protecting IP, and what are these cost effective strategies, how can you get the most for the least amount of money in terms of your IP protection.

So to start with: what IP are you protecting, in a corporate IP protection program. You can see here the four main types of intellectual property, which are patent rights, copyrights, trademarks

and trade secrets. Turning to the next slide, we are going to go over, there's a two slide chart, which shows some of the similarities and differences between these types of intellectual property. Across the top, you can see a column for patent rights, then copyrights, trademark and trade secrets.

To begin with the first row just goes over the protected matter. What is it with each of these types of intellectual property that you are protecting? And one important thing to keep in mind here is, is that there is definitely going to be some overlap among the types of intellectual property. A good example of that is software, where you may have some aspects of a particular software program that could include any of these four types, if not all of these four types of intellectual property protection.

The software itself, the code itself, you may want to apply for a copyright protection. The name of the software code or program, such as Windows, is a very well known example, may be trademarkable.

You may have some trade secrets in your software code, and as you can imagine you may want to obtain patent protection on either the software process or the medium that contains the software. So it is important to keep in mind that although we have shown them here as very differential categories, there often is a lot of overlap.

An exception of that however are patents and trade secrets, which are generally mutually exclusive in that part of gaining a patent is that you have to divulge to the public what it is that your invention is. You have to explain at least one working embodiment of that invention, and your best mode for carrying it out, whereas with trade secret protection, part of having coverage for trade secret is that you actually have kept it as a secret. So you cannot let the public know what it is.

Kenneth Brothers: One important point about a overall IP program is the ability to look at all types of your employers IP and have an overall strategy of how all of the different types of IP fit together and how working together you can develop a strategy for extracting the most revenue from that IP.

And the reason we go through each of these four general categories of IP is to remind the listeners that it is quite vitally important that the corporations step back and look at the entire forest, and understand the value of the forest as a whole for all of the types of IP instead of focusing exclusively on specific types of IP. And a little bit later on, we're going to talk about developing an audit and being able to better enhance and identify what is the most valuable type of IP.

Megan Woodworth: To talk a little then about the protected matter, this slide actually then goes through the duration of your rights, which for patents as you can see is now 20 years from your effective filing. For copyrights, it again varies, but the general rule is it is 70 years at a minimum, from fixing the original work in a medium. For trademarks, at common law, it is indefinite, but registrations are typically for 10 years renewable time periods. And then trade secret we wrote as indefinite, it is generally as long as you keep it a trade secret and it continues to provide a business advantage for you.

The next category of information is who is the owner? An important thing to keep in mind this that these are all subject to contract provisions which may provide otherwise. But this list here will tell you in general who will have the initial rights of the patent, which is the inventors, the copyright which is the author. Trademark is the first party to use the mark, and then the trade secret is the creator of that secret.

The next line is the registration, and it shows you that it is only required for patents, and obviously for trade secrets for reasons we've already explained, you do not register your trade secret. For

both copyrights and trademark, it is optional. However, it is advisable and in fact required for copyrights that you actually do register prior to enforcing those rights.

Kenneth Brothers: An important part of an overall corporate IP program is having the assignments from individuals who develop or enhance a corporate IP to make clear that the corporation owns the IP. And that the development of intellectual property, whether they are ideas that can be reduced in patents or other forms of IP, or trade secrets, things that can vary from customer lists to methods of doing business. The employees acknowledge in writing upon beginning their employment and perhaps from time to time during the course of the employment, acknowledging that all of that IP belongs to their employers and not the individual employees.

Megan Woodworth: Thank you, Ken. It is a good point. That actually fits into the audit that we will be discussing later. Moving on to the next slide, we have additional categories where we compare these four types of intellectual properties, and that is when the rights begin.

You can read there the requirements for obtaining protection for these types of IP, for patents, and one thing we didn't mention is that you can have either a utility patent or design patent. Utility patents are by far the most common, and what is required there is that you have the proper subject matter, which requires it's got to be something useful, novel, non-obvious, and then properly described. And those are statutory requirements, which can be found in 35 U.S.C. beginning at 101.

The copyright requirements are that it is original, has to be an expression of an original work. Trademark requires that it be distinct, that it be something used to designate the source of the goods or services and then it does so distinctly from other marks or other sources of designation. And then trade secret has to, as we said, obviously be secret and then be something that provides you a useful business advantage.

So what is restricted is the next category and this refers to what rights have you actually obtained when you have obtain any one of these general categories of IP protection. For patents you have obtained the unauthorized making, using, selling or importing. For copyrights, you have – or you have the right to restrict unauthorized copying of your expression.

For trademark, what is protracted is the likelihood of causing confusion, so generally you have to look within your relevant market of goods or services, is there a likelihood that another mark would cause confusion. And then trade secrets, what is restricted is improperly obtaining and then using any of the secret information.

Your enforcement remedies depend again either on statute or common law and you can see what has been provided there. For each of the types of intellectual property, you can obtain injunction or injunctive release as well as monetary damages. And for each of the types, although it varies depending on what you have to do in order to show the damages, you can also obtain enhanced damages for each of these types. So we will get into that a little more when we go through enforcement of IP, but these are definitely important forms of release that you need to be aware of.

Kenneth Brothers: In the IP Primer, which you can access through the links, chapters two through five explore in greater detail each of the different types of IP. The Primer is written especially for the non-attorney business person who is trying to get a better sense as to the IP and how having had the benefit or the detriment perhaps of law school, to decide how to allocate corporate resources.

We have received considerable feedback that the Primer has been a useful tool by employees of clients and others to persuade the officers that investment in protecting and enhancing their IP is useful because some people may not quite understand the differences between each of these categories of IP. So I recommend you use that and feel free to forward and circulate it as permitted in the first page of the IP Primer.

Megan Woodworth: That concludes our discussion or overview of the types of intellectual property protection. And we are going to move briefly now to discuss why are you protecting IP? And to put this in terms of our overall presentation today, as we realize, we are all working in tough economic times and corporations are operating under harsher and harsher budgets, so the question arises, how do you persuade those within your company to continue to invest in IP? And you can see on the slide six here, some of the reasons as to why IP continues to be such an important tool in a company's arsenal.

The first is the right to exclude others. Intellectual property is often referred to as a legal monopoly within its bounds. So you have with IP or with intellectual property, you have a built-in legal business advantage over others, and that can be very valuable. Second is a trading card to resolve disputes. It can function both as a licensing tool, either offensively or defensively, and ties in to the revenue source, the revenue stream, which is the third point there.

Offensively, you can seek out licensees, which can be obviously for large sums of money. And defensively as I spoke about, if you are involved in a dispute, whether it be intellectual property related or otherwise, your intellectual property is a valuable trading card as we refer to it in terms of something that you can put on the settlement table to possibly negotiate ending the dispute.

The next bullet point there says it is an asset to attract investors. And depending on the particular type of company, it can often be one of the most valuable assets of a company. And particularly as we were discussing earlier in the case of software, a software company's primary asset is typically the intellectual property rights that come along with the software itself. And then the last two are then an awareness to avoid litigation.

This is an important point in terms of not only protecting your own IP but putting in place, as we are going to discuss, a corporate IP program, so that you are policing not only your rights, but also checking out what's out there around you to avoid disputes, avoid litigation, and avoid all of the detriments of that, and then finally boost company morale.

Kenneth Brothers: I think it is important that every company be able to clearly articulate in the 30 second elevator pitch what is our IP, what is our business strategy behind it, and how are we going to continue to enhance it? If you cannot explain that in 30 seconds, then it is probably a good idea to take some time and focus on that.

Is the primary value of your corporate IP to exclude your competition in order to sell products and services that others cannot offer and that you think are better? Is your company subject to cross licensing agreements where the value of the IP can be enhanced and you can perhaps either get more revenue or decrease the amount of licensing royalties that your employer is required to pay?

To be able to clearly identify what your IP is and how you're going to use it to enhance your company's position is the first step to developing and enhancing an overall corporate strategy. I'm surprised at how many clients do not have that big picture view. Perhaps it is because employees have been focused on their discrete areas of IP and the corporations are moving in a more reactive way instead of proactive way. But for business managers who can clearly identify and articulate a vision that is related to their corporate IP, I'm sure you're going to be able to have greater success in extracting revenue from it.

Megan Woodworth: And throughout the InfoPAK and as well just the advice that we are often giving clients, the key to that clear identification of your IP goal starts with an IP protection program. And moving to the next slide, the next two slides are actually just an overview of the remaining portion of our discussion today, which is going to be devoted to cost effective strategies of minimizing the cost of your IP protection program, while maximizing its benefits. And we have broken this down into two segments, the first of which is going to be obtaining the IP protection,

and we have further divided that into internal costs and external costs, and again we will be going through each of these bullets in more detail in just a minute.

And the second part of this discussion will be enforcing and/or defending your intellectual property rights. And again the same divisions there in terms of what are the internal costs, what are the external costs, and how do we minimize those costs and still achieve the maximum benefits, and as Ken said, how do we keep this in line with our overall corporate IP goals.

So moving on to the next slide, we're going to begin with the cost effective strategies' internal costs of obtaining the IP. We alluded earlier to setting up an internal audit of your company's IP. This is particularly important if you don't know what the IP is, don't have a clear sense overall of what that is or of its value. You want to consider doing an internal audit.

Kenneth Brothers: Starting on page 15 of our IP Primer, we go through for about five pages and discuss the process of setting up an internal audit to assess your company's IP rights. And I think it is especially important where there have been acquisitions in which the newly acquired entities may not have been fully brought in to the overall corporate base with respect to IP rights.

It is from time to time when I represent clients that have been sued, we ask them what IP do you have that you might be able to assert as a counterclaim against this entity that is suing you, almost always that information is not available at the fingertips. They have to go back and do a crash audit to figure out, OK, what have we got, where do we have it? And more than one time we have found IP, especially from relatively recently acquired entities that has been a very powerful basis for counter claims and for leveraging a quick settlement.

Being able to go through the steps and identify the economic and strategic value of a company's IP, to identify the character and scope, to be able to figure out if your employer has clear title to the IP, and also identifying what risks or potential liabilities may be available, it can involve a considerable amount of research, but it is a very useful and very productive exercise. And this is a fundamental aspect for increasing corporate IP value is first, what do we have?

Since most of the IP is very hard to catalogue, for example trade secrets, because they typically defy categorization and they frequently change. But being able to increase corporate awareness, in fact in some companies even the phone list is considered to be a trade secret, and it is treated in that way. So having awareness of what is your IP, where is your value, why is it valuable, and taking the measures to protect it is the first step to identifying the economic value and figuring out how to increase it.

Megan Woodworth: And answering some of those initial questions will also tell you how far do you need to go in this exercise, how much time and energy will such an audit take? It really depends on a number of things, many of which Ken alluded to, one being what is your situation? Do you have a newly acquired set of rights or potential set of rights in that you've acquired another company? Are you facing litigation where it becomes crucial and time sensitive to determine what your rights are? And also what type of company are you?

The example that is given in the InfoPAK which I think is very illustrative of this point is a startup company that focuses on computer software is going to need a far different audit performed than a third-generation cement manufacturer that has for 60 years been producing one type of good or service. Another thing to consider is focusing on the categories of IP, depending again on what type of company you are; you are going to focus more or less on each of those categories.

An example here is that a newspaper publisher is going to have a far different focus and emphasis on copyright than a typical consumer product maker or a pharmaceutical company, which will be much more focused on patents and trade secrets.

Another thing to consider is who you need to involve in these internal audits, and as is usually the case, the more the better, the more the merrier. You definitely need to interview all relevant employees, including engineers, including marketing people, including management. You should also include both in-house counsel and outside counsel to make sure that you have gotten the full depth of knowledge and documents.

Moving on, we also always suggest setting up an IP committee if you do not have one already, and there you need to look at the membership of the committee and what your goals and roles of the committee are going to be. And the IP committee can be very useful, particularly in larger companies, to help shape and guide a company's IP policies. It is also useful to review and evaluate possible courses of action with respect to any individual IP decisions.

With respect to membership, you need to consider representatives, depending on some of the points above in the internal audit, depending on the character and scope of your IP program. Is it both domestic and foreign? And if so, you should probably have members that relate to each of those focuses. You also should have representatives from the different divisions in your company. For example, if you have two completely different lines of products, you need to make sure that you have someone that represents each of those lines.

And finally depending again on the categories of IP protection that are important to your companies, you should have someone that represents each of those categories where there is patents, trademarks, copyrights.

Kenneth Brothers: And one of the shortest chapters of the Primer, chapter 9, we discussed the timeline and steps for that Committee and recommend that the Committee meet on a monthly basis, and we have a checklist there for things that need to be done, various milestones and allocation of timeframes, and keeping in mind all of the steps that need to be taken.

It is important, as with any corporate initiative, that there will be an effective follow-through and making sure that the implementation of the policy and overall strategy is more than just a one-shot, because more with IP than perhaps with almost any other corporate asset, the ability to – this is a long-term process.

I mean the example of Coca-Cola building up its brand equity over decades to the point where a recent study found that consumers were analogizing the Coke brand to highly revered spiritual icons, with the authors of the study concluding that when people reach for a Coke more so than a Pepsi, they're having a spiritual experience of sorts.

And the reason for that is because of the IP, because of the brand equity that has been built up, and the attention that has been fostered to that. And while most of us are not responsible for the Coke brand, within our own respective areas of responsibility, there are things that we can do to increase our own employer's IP, and making sure it does not get weakened through typically inaction.

Megan Woodworth: OK. We're moving on to the next slide, which goes over additional internal costs of obtaining an IP and effective strategies for minimizing those costs. And the point really of this slide and you can see it on the top line there is that smaller amounts of upfront costs can save a lot of money in the long term. And likewise, a lack of training upfront of your employees and of the importance of intellectual property can cost a lot of money in the long term.

A couple of important examples of this, in the patent world, you can have an unknowing inventor who may go out at a trade show and be really excited about his new invention, and want to show all of his peers about it. And he may make a disclosure of his invention publicly and that disclosure can be done too far in advance of when a patent application covering that invention gets filed. And as many of you know that will result in a possible loss of rights to patent that invention.

Doing things right may cost some money. Another example is training your employees, and particularly engineers, and this is another patent example, to write in their notebooks, their laboratory notebooks daily in terms of what they have been doing, and making sure that those laboratory notebooks are kept current, kept, and also witnessed, can make the difference in the longer run in a litigation, in proving prior invention or proving a particular conception data, and can again mean the difference in being able to enforce and obtain patent rights.

Kenneth Brothers: Another example is deciding what is posted on a corporate Web site. Typically, the people who actually are doing the posting of information should not be making policy decisions as to what to post and what not to post. But if there is core corporate information, including trade secrets, methods of doing business, confidential information, customer lists, typically those should not be posted unless there has been for some reason an informed corporate decision that we are not going to try and protect that type of IP and we think it is better for our business model that that is disclosed.

Having those kind of training decisions made up front can be the difference between preserving a trade secret or finding that it has been made available to the general public and does not have any value that can be protected. Likewise with computer code, if that code is going to be generally made available, then it may or may not be subject to copyright protection. But if there are trade secrets or others protected matters in that court, then those are no longer available.

Megan Woodworth: And going along with the importance of training your employees, there is also important reporting aspects, and there is further documentation that, although will take some time and some money upfront, will result in long-term benefits.

The examples that we give are having invention disclosures, which engineers can fill out, and then having the IP protection program set up to review those invention disclosures, to make smart decisions in terms of which of these inventions should we seek IP protection. And although it will take time and effort, both on the part of the engineers and the IP program members to go through this process, it will certainly result in better results.

The next bullet point is internal legal costs. And we are going to be talking throughout the next few slides in terms of dividing up duties between internal and outside counsel legal costs because that is certainly a topic for much discussion. But some of the examples of possible internal cost that you will face are patentability or availability searches and opinions, and again this may or may not be done, may or may not be performed by in-house counsel.

A second thing, which certainly should be at some level performed, if not at least reviewed internally, are important contracts. These include employment agreements. You need to ensure that your employment agreements, as Ken alluded to earlier, contain provisions that ensure that your employees understand that they will be giving up their rights to any inventions or ideas that are created or developed using company time or resources, assuming that it is of course what the company intends. We need to make sure that those provisions are in your employment agreements and are consistently enforced.

Other important contracts include third-party confidentially agreements or provisions in contracts. This can play a part into inferring that you have several types of full coverage in the IP arena. This can weight into both trade secrets in terms of maintaining the requisite confidentiality of those secrets. And also in patent rights, making sure that working with third parties will not lead to a disclosure publicly of the invention prior to applying any pattern on it.

And then the third type of important contract that in-house counsel should be review being as licenses, and again you may have, you may employ outside counsel for drafting or negotiating of those licenses, but it is important to make sure that in-house counsel who is much more a keenly

aware of the particular business needs of the company are involved in the finalizing of those licenses.

And the third bullet point that we have here is drafting and prosecuting patent and trademark applications. This can again be done either internally or outside counsel. And we will go over some of the pros and cons, but one of the obvious pros for doing this internally is that you are going to have employees, including counsel who are much more aware of the technology of an individual corporation.

And the final bullet point is the reward program, and we go in again to some detail in the InfoPAK about types of reward programs, how you may want to set those up and structure them. But the overall idea is that you reward your employees for ideas, and you can do this either for the submission of the idea or for obtaining a granted patent or trademark that covers their idea. And this obviously incentivizes employees, not only to be creative and think of these ideas, but also to follow through and write them down and turn in those new invention disclosures.

Kenneth Brothers: Most corporations do not necessarily give large cash awards for the award of a patent. Some corporations it might be \$500 or \$1000 but they usually make a big deal in honoring that employee. And that, in many ways to the employees that we have interviewed, because we've worked frequently with the inventors, they are excited about that. They like the feedback, they like the recognition, even more so than the cash. They recognize that their companies aren't necessarily flash and but they appreciate very much the recognition of their co-workers. And being able to effectively set up and implement such a program is meaningful to the inventors.

Megan Woodworth: That is an excellent idea, an Inventor of the Month program sounds like a very cost-effective strategy for minimizing the cost and yet still receiving or achieving the goal, which is to incentivize your employees to participate in the IP development of your corporation.

Kenneth Brothers: The next slide discusses the selection of outside counsel and in the tenth chapter of the IP Primer; we talk about dividing responsibilities between outside counsel and in-house counsel. And this could be the subject of an entirely separate webinar and is something that is near and dear to any outside attorney's heart.

But briefly the kind of feedback that we typically received, first and foremost, is do you trust your outside counsel? And is the outside counsel solving the problem and bringing solutions, thinking strategically in ways that can address your business, and quite frankly does outside counsel makes you as in-house counsel or in-house businesspeople look good to your bosses?

That is a large part of what any outside counsel should be doing. Sensitivity to cost, especially in these times, is something that all law firms are keenly aware of, and I think virtually all law firms are willing to be receptive for negotiation on price, especially if there is exchange for a promise of substantial legal work.

It makes sense for corporations to consider consolidating their work in order to get a better price from their outside legal providers. Insisting that your outside counsel prepare a budget and making them stick with it is all too often overlooked and not consistently enforced. It should be. Outside counsels should have the same kind of budgetary obligations that are found in-house. And I believe that there is no excuse for not insisting those kinds of obligations is met with a downside and also an upside to outside counsel if they are met or not met as the case may be.

Megan Woodworth: As well as setting budgets and sticking to them, you also may want to consider different types of the fee arrangements that make the most sense for the type of work that you are – type of legal work that you are outsourcing. Obviously we are all most aware of typical hourly billing where invoices are set for some time period, which is typically a month. There are also transactional fee arrangements where you will receive an invoice per transaction.

Fixed schedules is also very common, for example, in patent or trademark prosecution where for any given task, the firm may have a set budget, or you may set a fixed schedule budget for each task. You need to look at those possible fee arrangements and determined for the type of work that you have what makes the most sense and what would be the most cost-effective for outside counsel to stick to.

The next bullet point in terms of minimizing our external costs are minimizing government fees. Government fees as we all know is the only thing as certain as death itself I think is the saying. Maybe that is taxes, but it's the same type of thing. In obtaining your IP, you are going to pay the government, and whichever government that may be, depending on what the jurisdiction you are in. But there certainly are ways and you should certainly should have your outside counsel working to minimize those fees.

That means if you're a small entity, make sure that you are only paying small entity fees to the PTO. In patents you need to consider your claims scope to make sure that you are minimizing excess claim charges. Whenever you are working with the PTO, either here or some of the patent offices abroad, you need your outside counsel to be preparing timely responses and avoiding late fees.

You need to carefully internally consider your maintenance fees, especially with respect to patents, this increase greatly over time. So you need to be making decisions at every step of the road in terms of, is it still a good strategy to maintain this IP at the new price that it'll cost?

With respect to scope of registration, that can also work to minimize your government fees, making sure that you are obtaining the coverage in the right places where it makes sense. The government and legal fees for both domestic and foreign prosecution in patents and trademarks can be significant. So making significant sure that you are only filing and prosecuting in the jurisdictions where either you are operating or your competitors are operating and where you need that protection.

Moving to the next slide, and the next subject is the internal costs of enforcing your IP and defending against IP enforcement of others. We're going to begin with the internal costs as we see them. And the first step here is avoiding other people's rights altogether, avoiding their intellectual properties.

We mentioned here freedom to operate searches, which is a typical term in the patent world, which means when you are coming out with a new product, you have performed a search of patents and/or patent applications, to make sure that your new product is not falling within the legal scope of another's patents.

Similarly in the trademark arena, you want to perform a right to use and/or availability opinion to find uses of similar marks on related goods or services. In the trademark arena, this should cover both federal registrations on the principle and supplemental register, as well as state registrations. And to the extent you can and have the resources unregistered uses. As we discussed, there are common mark trademark rights that apply without registration.

The next step is what to do if there is a conflict that you have identified. And we have here design arounds, which are the common terms in the patent industry in terms of redesigning a product so that it is not within the scope of another's patent rights. Other steps that you need to take if you have identified a conflict are possibly licensing, approaching someone else for obtaining a license to their intellectual property rights, or you could challenge the intellectual property rights of others. With respect to patents, this can take place in the PTO, either through a re-examination proceeding or an interference, whereas with trademarks, it can occur through either oppositions or cancellation proceedings.

The second bullet point here goes to ensuring the full scope of your rights. You need to make sure before you begin enforcing your rights that you're taking the steps internally so that you'll have the full scope of coverage which each of the intellectual properties deserve. With respect to patents, this means that you are properly marking your products. And one thing we discussed earlier is that you are properly filing your applications to make sure that there won't be any statutory bars.

With respect to trademarks, this means that you are properly using your mark. Just to give you a couple of examples, you would never want to use your trademark with – or you always want to use your trademark with a generic term. You don't want to hear people referring to “hand me a Kleenex”, you want them to “hand you a Kleenex tissues” or a “Kleenex box of tissues.” There are several steps you can take in terms of making sure that you have the full scope of your trademark so that it does not become a generic mark that can no longer be subject to protection.

Kenneth Brothers: Which means we never Google anything, right?

Megan Woodworth: And the full list of those rules to follow can be found again in the IP Primer. And with respect to copyright, you want to again make sure that you are properly marking your written expressions, and that you are registering before enforcing. With respect to policing your rights, this is again something that you can be doing either internally or externally, but you want to be reviewing your competitor's products, Web sites and advertisements to determine whether or not you think that anyone is infringing upon your intellectual property.

Kenneth Brothers: I have found that in-house engineers or the marketing department or paralegals are very effective in policing your rights if they are given the proper training. And it is always far less expensive to have them do it than to pay outside counsel to do so.

Megan Woodworth: So the next few steps are to talk about what do you do if you do find that someone is infringing upon your rights? And we all know that litigation is extremely expensive, but we are going to talk just for a couple of minutes here about cost-effective ways to minimizing litigation costs.

Kenneth Brothers: It is very important from the outside. Any time that you receive notice of a potential claim, or you learn that your company is subject to a claim, that proper steps are immediately taken to preserve the electronic information. The federal rules were amended in December 2006 to specifically require that that information is preserved and an upfront disclosure between outside counsel be made of when that information was preserved and how it was preserved.

So having a process in place is vitally important, especially as it relates to IP, since by definition it is not tangible, and is almost always represented by words, and that is almost always electronic in form. So being able to preserve the underlying information makes the difference between preserving your claim and losing the right to enforce your claims. I could spend much more time talking about that, but in the interest of time, let's go on to the next slide.

Megan Woodworth: OK. And the next slide is devoted to when you are on the enforcing side of your IP rights, and this says that litigation is expensive, choose your battle and choose your forum appropriately based on that knowledge. With respect to forum, you need to consider whether or not litigation is actually the right answer. Other than litigating, we spoke earlier about ways to oppose others IP rights. You may also, with respect to your own right, want to offer licenses, set up a licensing program for competitors, rather than trying to attack them all in a court. There are also other alternatives such as arbitration and mediation depending on the facts of the dispute.

Kenneth Brothers: Litigation in my view should be a last resort and not a first resort, while at the same time being prepared to appropriately enforce or defend your rights as needed. And perhaps being able to find ways to short circuit disputes is what a good outside counsel, a creative outside counsel who is well known can do. And I think it is being able to find a solution and being able to

bring the solution to the table that can very much cut the cost of legal fees as far as structuring the case, so you are not necessarily spending money on things that you feel are not going to be used.

Megan Woodworth: And you also may want to consider in which forum can you incur the least amount of cost. Couple of examples are whether or not you want to utilize the International Trade Commission if that fits the facts of your dispute, if there is some kind of international aspect to what the opposing party is doing. You may want to consider the ITC, which is known as a favorable forum in terms of its speed, which often can cut down the overall cost of the litigation.

Kenneth Brothers: Or likewise, if a patent is asserted against you, putting the patent into re-examination with the patent office and seeking a stay of the underlying litigation, which unless you are in the Eastern District of Texas is more likely than not will happen if that re-examination is sought early.

I want to jump to the last slide because we are nearly out of time and we want to leave a little bit of time for questions, but I briefly referenced to the selection of outside counsel and Megan talked about fee agreements. We talk about them in greater detail in the IP Primer. I think that corporations should more aggressively explore alternative fee agreements, and if there is a mutually agreeable or win-win relationship between the corporation and outside counsel, law firms especially now are more than ever willing to consider those, especially a firm that is entrepreneurial and creative.

A very important thing that I find is all too frequently overlooked is whether any claims against IP or misuse of IP can be covered by insurance. It is for patent based claims generally difficult to get insurance coverage under a general commercial liability policy. But other types of claims, including misuse of trade secrets, you can have coverage, you can sometimes find coverage if you are accused of infringing a copyright, or unfair trade competition.

Trademark claims are also subject to insurance coverage under most, at least older general commercial liability policies. Some insurers are beginning to put in riders for current policies. But if the claim arose under those older policies, one of the first things that you should do is get your policies and send in a notice of claim to the insurance company.

In our view, our firm represents policyholders exclusively in claims against insurance companies and the denial letter is just the beginning. Because insurance companies are built around a model of saying no, and we have found very good success in finding coverage for claims, IP related claims on behalf of our clients. So it is an important, but all too frequently overlooked aspect for finding some protection against all of the costs and the legal fees associated with it.

Some of the other expenses that we referenced here of course in addition to outside counsel fees are the independent expert fees, cost associated with electronic discovery if third-party vendors are involved. We have had some cases where those costs can exceed \$100,000 per month for the collection of electronic discovery, and so they should not be ignored, they should be discussed upfront.

And of course, avoiding adverse judgment and adverse effects upon your corporations IP policy. If the risk of an adverse judgment can lead the settlement decision, and if the risk would adversely affect what your corporate IP policy is, obviously it is more likely that you're going to settle if you are making that assessment. And while there is always hope to have an appeal before the federal circuit on patent related matters, which is just under 50% for modifying claim construction terms, you can't necessarily put your eggs in that basket. And most especially avoiding enhanced damages, making sure that appropriate steps have been taken to preserve the risk for willful infringement of whatever IP is at issue.

So with the big picture of knowing how your IP fits into your corporate plan, we hope that this webinar has given you some insights of how you can increase your corporate IP and maximize the value of your IP. Megan and I are pleased to have been able to make this presentation. You are welcome to contact us.

If you have follow-up questions, we encourage you to look at the Primer. And Fabian has been monitoring the questions that have been coming in, and so Fabian, do you have any of those questions that you want to throw at us is in the time that is remaining?

Fabian Gonell: Thank you, Ken. Yes, if anyone has any additional questions, please type them into the chat box now, and we'll handle as many as we can in the time remaining. One question that has come up Ken is, on the slide on page 12, you talked about awareness of infringement and policing, and it is the slide numbered page 12, the question is, do you run any risks in policing and becoming aware of someone's infringement or use of your intellectual property if you're not really prepared to do something about it immediately, how long do you have before you might run into waiver or estoppel argument?

Kenneth Brothers: The answer to that depends upon the nature of the IP that is being infringed. If it is a patent, generally speaking, you're not going to run into a waiver issue. You might be limited in the amount of damages that you can seek. If it is a copyright, and you register your copyright, also it is harder to get a waiver although that occasionally happens. It is different with respect to a trade secret or trademark. If you find your trade secret has been made public inadvertently or somebody has stolen it, you need to move immediately, because even a wait of a few weeks can irreparably cause you to lose that trade secret.

For trademarks, it is not that fast, but it can be, if a trademark is not enforced within a year or two, then somebody else, especially if you have knowledge of it, can claim that you have waived your right to enforce that. It is interesting to see I made a reference to Google, Google, is about ten years old, and it has built a tremendously valuable brand.

And now in that short amount of time, it is aggressively trying to preserve that global Google brand from suffering genericide, because people have turned the brand into a work. And when that happens, an argument is made that that brand is no longer protected. So Google is actually taking steps to prevent that from happening. I don't know if they are going to be successful, but one of their defenses is, hey, we're trying. And so far they have been able to protect it.

Fabian Gonell: All right. It is now 2:31 on the East Coast and 11:31 here on the West Coast, and so we are out of time. I apologize to those people whose questions we haven't been able to get to. But on behalf of ACC, I certainly thank Ken and Megan for a very informative and interesting presentation.

Kenneth Brothers: Thank you.

Fabian Gonell: Once again, for those of you who are taking is CLE, please complete the webcast evaluation in the links box. You can go to your links box and click that and complete the form to get CLE. Also for those of you who are not members of ACC, the InfoPAK that has been referred to throughout the presentation is also available in the links box.

Thank you very much. You can all disconnect now.

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