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PATENT
LAW**

YOU CAN'T TAKE IT WITH YOU: MAKING SURE INTELLECTUAL PROPERTY SURVIVES

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- Admitted to practice before: the U.S. Patent and Trademark Office; U.S. Courts of Appeals for the Federal and Ninth Circuits; All four U.S. District Courts of California; U.S. District Courts of Arizona, Michigan, North Dakota, New Jersey; and State Courts of California, New Jersey.
- Boston University, Bachelor of Arts, September 1984, Biology, Chemistry, Physics, and Medical Science.
- Iona University, Graduate School of Arts and Sciences, August 1987, Master of Science, Biology and Education.
- University of Pennsylvania, The Law School, Juris Doctor, May 1992.
- Has testified almost two dozen times as a retained Expert Witness and has served as a Special Assistant Attorney General.
- Advises manufacturers, distributors, and dealers in many industries: agriculture; home theater; furniture; jewelry; clothing; shoes; gloves; defense contractors; medical, dental, optical products; video games; tapestries; textiles; toys; robots; computer printers; and many more.

OVERVIEW

1. INTELLECTUAL PROPERTY BASICS
 - i. What is a Patent?
 - ii. What is a Trademark?
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2. TRANSFERRING OWNERSHIP OF IP RIGHTS
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 - iii. Joint ownership of IP Rights
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3. OBTAINING A SECURITY INTEREST IN AN IP RIGHT
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1. INTELLECTUAL PROPERTY BASICS



- i. What is a Patent?
- ii. What is a Trademark?
- iii. What is a Copyright?
- iv. What is a Trade secret?

1. INTELLECTUAL PROPERTY BASICS


- **Patents**
 - Processes, Machines (Hardware & Software), Manufactured Products, Compositions of Matter, New Uses of the above
- **Trademarks**
 - Brand Names, Slogans, Logos
- **Copyrights**
 - Literature, Presentations
- **Trade Secret**
 - Confidential information



1. INTELLECTUAL PROPERTY BASICS EXPLAINED (BRIEFLY)

- A **Trade Secret** is "confidential information" that may be a formula, practice, process, design, instrument, pattern, or compilation of information used by a business to obtain an advantage over competitors or customers. Examples: Formula for Coca-Cola; Recipe for Kentucky Fried Chicken. MUST keep the "trade secret" confidential and not allow it to be disclosed.
- A **Patent** is a set of exclusive rights granted to an inventor (or her assignee) for a limited period of time in exchange for a disclosure of the invention to the public. One can receive a patent for processes, machines (hardware & software), manufactured products, compositions of matter, and new uses of the above.
- A **Trademark** is a distinctive sign or indicator (word, slogan, logo, smell, sound, color) of some kind that is used by an individual, business organization or other legal entity to uniquely identify the source of its products and/or services to consumers, and to distinguish its products or services from those of other entities. Examples: Microsoft; Xerox; Kodak; Aspirin; Apple; Kleenex.
- A **Copyright** is a set of exclusive rights regulating the use of a particular expression of an idea or information. Examples: Harry Potter books; PowerPoint Presentations; corporate brochures.

i. What is a Patent?



(12) **United States Patent**
Cameron et al.

(10) **Patent No.:** US 9,943,116 B2
(45) **Date of Patent:** Apr. 17, 2018

(54) **ELECTRONIC VAPOR DEVICE WARNING SYSTEM**

(71) Applicant: **Lunatech, LLC**, Encino, CA (US)

(72) Inventors: **John Cameron**, Encino, CA (US); **Dean Becker**, Fairhope, AL (US); **Gene Fein**, Oxnard, CA (US)

(73) Assignee: **LUNATECH, LLC**, Encino, CA (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: 15/353,545

(22) Filed: Nov. 16, 2016

(65) **Prior Publication Data**
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Related U.S. Application Data
(66) Provisional application No. 62/256,428, filed on Nov. 17, 2015.

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A24F 47/00 (2006.01)
F22B 1/28 (2006.01)
F23B 71/00 (2006.01)
A62C 37/36 (2006.01)
G08B 21/14 (2006.01)

(52) U.S. Cl. (2013.01)
A24F 47/006 (2013.01); A62C 37/36 (2013.01); F22B 1/285 (2013.01); F24F 16/0617 (2013.01); G08B 21/14 (2013.01); F24F 2017/0602 (2013.01); F24F 2017/0609 (2013.01)

(58) **Field of Classification Search**
CPC: A24F 47/006

References Cited

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(71) Applicant: **Lunatech, LLC**, Encino, CA (US)

(72) Inventors: **John Cameron**, Encino, CA (US); **Dean Becker**, Fairhope, AL (US); **Gene Fein**, Oxnard, CA (US)

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Foreign Patent Documents

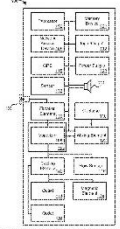
WO 2016/018369 2/2016

Primary Examiner: Abdullah Riyami
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(74) **Attorney, Agent, or Firm:** Hankin Patent Law APC; Susan L. McCain; Sergio Becerra

(57) **ABSTRACT**
Provided are systems, methods and/or electronic devices configured to analyze matter of at least smoke, vapor or other material in order to at least analyze, classify, compare, validate, refute and catalog matter, then reference conditions in order to send alerts triggered by defined analytical parameters.

20 Claims, 22 Drawing Sheets



- **NEW**: Something not known or used by others, not patented or described in a printed publication, public disclosure, or employed in a product offered for sale more than 1 year prior to the application date for a patent.
- **USEFUL**: A disclosure of the invention in written form containing description and details such as to enable a person of ordinary skill in the art to make and use the invention (problems with Patenting Software and no longer able to Patent Business Methods).
- **NONOBVIOUS**: The difference between the invention and the combined prior art is such that it would not have been obvious to a person having ordinary skill in the prior art (not okay to work backwards from the invention).

Patentability



- Process
- Machine
- Manufacture
- Composition of Matter



- Laws of nature
- Physical phenomena
- Abstract ideas

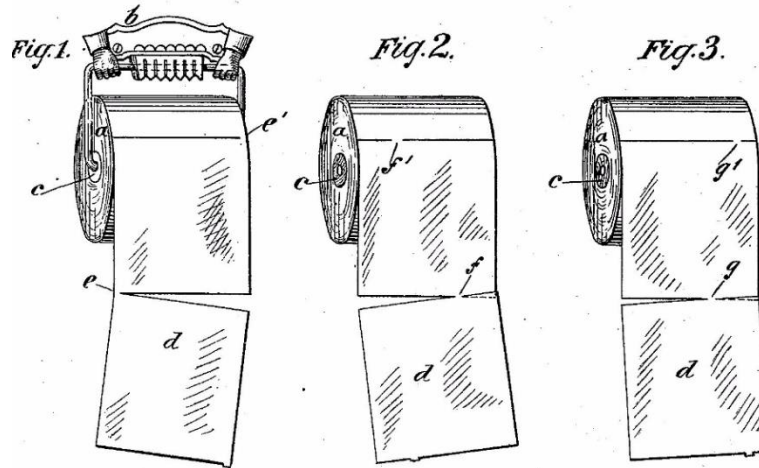
Conditions of Patentability

(No Model.)

S. WHEELER.
WRAPPING OR TOILET PAPER ROLL.

No. 459,516.

Patented Sept. 15, 1891.



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- Utility
- Novelty
- Nonobvious

Rights granted by issued patent

- Negative right to exclude
- Sanctioned monopoly
- Not positive right (no one “needs” to have a Patent)

Inventorship and Ownership

- The Inventor is an individual (or a group of individuals)
 - Every patent application is filed in the name(s) of the inventor(s), although there now can be an Applicant also listed in the U.S.
 - An error in naming the proper inventors can result in the patent being held to be invalid or unenforceable (depends on deceptive intent)
- The Owner is the Inventor until it is assigned to a third party
 - Must Record the Assignment with the USPTO

ii. What is a Trademark?



- Goods
- Services
- Trade Names
- Trade Dress

Definitions

- The term “trademark” includes any word, name, logo, symbol, sound, color, smell, or device, or any combination thereof—
 - (1) used by a person, or
 - (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.
- The term “trade dress” includes the visual appearance that indicates source of a product.
 - Must have secondary meaning indicating source, and
 - Not be functional

Trademark Registration

- **Federal Trademark Registration:**
 - Registration is NOT mandatory, but does carry certain beneficial presumptions.
 - Rights will be protected if the trademark is IN USE.
 - More remedies available if mark is registered.
- **State Trademark Registration:**
 - Available to purely local businesses.
 - Issued quickly & inexpensively.
 - May be persuasive in state court.
 - Cannabis companies can obtain State Trademarks but NOT Federal Trademarks!

What are Common Law Rights?

- Federal Registration is not required to establish rights in a trademark.
- Common law rights arise from actual use of a mark; longer use = stronger rights.
- Generally, the first to either use a mark in commerce or file an intent to use application with the Patent and Trademark Office has the ultimate right to use and registration (but a later user who registers first will ultimately lose to an earlier user who registered later).

Benefits of FEDERAL Trademark Registration

- Notice:
 - Constructive notice nationwide of the trademark owner's claim.
 - Only after Registered with the UPSTO may you use ®
- Evidence:
 - Presumption of ownership of the trademark.
 - Reduces costs of litigation
- Jurisdiction:
 - Jurisdiction of federal courts may be invoked.
- Foreign registration:
 - Registration can be used as a basis for obtaining registration in foreign countries through the Madrid Protocol
- Stop imposters:
 - Registration may be filed with the U.S. Customs Service to prevent importation of infringing foreign goods.
 - Can help avoid extremely costly litigation altogether.

Notice of Registration

- COMMON LAW TM
- SERVICE MARK SM
- REGISTERED [®]
 - “Registered in the U.S. Patent and Trademark Office”; OR
 - “Reg. U.S. Pat. & Tm. Off.”



Must use NOTICE to get damages from an infringer in certain circumstances.

Expiration of a Trademark

- Risk of losing the mark due to Dilution/Genericism
 - Kleenex tissue, Xerox photocopier
 - Use as noun risks loss of trademark (adjective)
 - Escalator, trampoline, aspirin, thermos, refrigerator
- Term may last forever so long as the Mark continues to be used and is renewed
 - Registration requires periodic renewal
 - U.S. requires at 5-6 years a showing of continued use
 - U.S. — Renewal every 10 years thereafter

iii. What is a Copyright?



Definition

- Copyright protects original works of authorship
 - Including: literary, dramatic, musical, and artistic works, such as poetry, novels, movies and songs, but it also protects blueprints, technical drawings, product brochures, advertising, computer software, and architecture.
 - Copyright does not protect facts, ideas, systems, or methods of operation, although it may protect the way these things are expressed.
- Your work is under copyright protection the moment it is created and fixed in a tangible medium that is perceptible either directly or with the aid of a machine or device.

Notice of Claim to Copyright

- May – and should – use the © notice whether or not an application is filed for registration with the U.S. Copyright Office.
- For example:

Copyright © 2023 Marc E. Hankin.

© 2004 - 2023 Marc E. Hankin.

Copr. 2023 Hankin Patent Law, A.P.C.

All Rights Reserved.

Copyright Ownership

- Principle:
 - The individual or joint authors of a work initially own the copyright.
- Work made for hire:
 - An employer or party commissioning of a work is automatically deemed the “author” or a “work made for hire” if either:
 - The work was prepared by an employee within the scope of employment; OR
 - The work was specially ordered or commissioned & is expressly agreed to be a “work made for hire” in a written instrument signed by both parties.
 - **Be careful in California – Statutory Employee for “Work Made For Hire” after AB5/Dynamex case**

Rights of Copyright Owner

- Reproduce
- Distribute Reproductions
- Display and Perform Work
- Make Derivative Works
- Prevent Unauthorized Copies
- Right to Profit From Sale



Copyright Ownership (cont'd.)

- A copyright is divisible, so the recipient of an exclusive grant or license of rights becomes the owner of the copyright for those rights.
- Transfers must be in writing.
- However, an accounting must be given to all owners and profits must be shared from any financial gain made on the license or sale of copyright rights.

iv. What is a Trade Secret?



Definition

- A trade secret is a formula, pattern, compilation, program, device, method, technique or process that:
 - Derives independent, actual or potential, economic value from not being known to the public or to other persons who can obtain economic value from its disclosure or use; **AND**
 - Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Protecting Trade Secrets

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- Develop trade secret policies & practices
- Publish policy in employee handbook
- Limit access to trade secret information
- Number copies and track distribution
- Stamp confidential documents "CONFIDENTIAL"
- Keep hard copies locked up
- Password protect and change passwords periodically
- Instruct & train managers and personnel
- "Pop-up" messages on company computers advising employees about confidential information
- Institute proper sign out procedures
- Implement policy for destruction of materials
- Exit interviews (checklist/letter reminding employee of agreement)
- Remind employees of nondisclosure obligations upon leaving company

How to Protect Trade Secrets?

- Keeping a Trade Secret
 - Only valid and enforceable as long as it is a secret
- Benefits
 - Trade secret may be assigned or licensed
 - Revenue from license may last indefinitely without geographic restriction
- Protect Your Company From Accusation
 - New Hires (especially from competitors)
 - Joint Development Agreements



	Protects	Term
Trade Secrets	Confidential information	Indefinite or until made public
Trade Marks	Identity of source of product or service	May be renewed until abandoned
© - Copy Rights	literary, dramatic, musical, artistic, and certain other intellectual works	70, 95, or 120 years from creation
Patents	Inventions	~ 20 years from date of earliest filing

2. TRANSFERRING OWNERSHIP OF IP RIGHTS



- i. Ownership of an IP right
- ii. Assigning ownership of an IP right
- iii. Joint ownership of an IP Right
- iv. Case study

i. Ownership of an IP right

- Ownership: The creator of a work (or inventor of a patent) is the owner of the IP right.
 - Exception: if work is created for a company, the company is the owner of the patent.
- The USPTO maintains a register of interests in IP rights and applications and records any document related to the ownership of those rights.
- Assignment: transfer by a party of all or part of its right, title and interest in a patent, trademark or other IP right.
- An IP right owner may need to transfer ownership or change the name on their application or registration. For example:
 - The owner sold his business and needs to transfer ownership of a trademark

ii. Transferring an IP right through an Assignment

- Assignment: an IP assignment is the transfer of an owner's rights in a copyright, a trademark or a patent.
- Applications and registered IP rights shall be assignable in writing
- This document must be acknowledged by a lawyer or other representative
- The assignment must be recorded on the USPTO website for the trademarks and patents and on the US Copyright Office's website for a copyright
- Fees must be paid to the Office to record the assignment

iii. Joint Ownership of IP Rights

What to Watch Out For Regarding Joint Ownership of Patents, Trademarks, and Copyrights?



iii. Joint Ownership of a Patent

- Patents:
 - Each of the joint owners of the patent can INDEPENDENTLY make use, offer to sell, sell, import, license, exploit the IP right within the US without the consent of the other owners.
 - Exception: exclusive license cannot be granted unless everyone agrees.
 - As for lawsuits, all the co-owners must participate in the lawsuit if they want to proceed.
 - It is time consuming to make collective decisions

iii. Joint Ownership of a Copyright

- Copyright:
 - Each of the co-authors can license, create derivative works without the consent of the other(s).
 - Exception: exclusive license cannot be granted unless everyone agrees.
 - The co-owners need to give an accounting and share the proceeds which can be challenging to organize
 - A co-owner can enforce a Copyright against a third-party without the participation of the others.

iii. Joint Ownership of a Trademark

- Trademark:
 - If co-owners cannot agree on the strategy, a court could grant full ownership to one of the co-owners.
 - An exclusive license cannot be granted unless all co-owners agree.
 - Profits and benefits must be shared, which can be create complications.



iv. Probate Case Study



3. OBTAINING A SECURITY INTEREST IN IP RIGHTS



3. Security Interests in IP Rights

- Security Interest: Interest in property –real estate or otherwise- that secures repayment of a debt or other obligation. If the Party that grants the Security Interest fails to fulfill its obligation, the holder of the Security Interest can take possession of the asset.
- A Security Interest lowers the risk for a lender
- A Security Agreement needs to be drafted by the Parties
 - Reasonable description of the Collateral
 - Do not state “all debtor’s assets”

3. Security Interests in IP Rights

How to perfect Security Interests?

General Principle:

- Filing a UCC-1 financing statement in the State where the debtor's headquarters are located
- UCC-1 is a legal form that allows the lender to announce a lien on a secured loan

What about IP Rights?

3. Security Interests in IP Rights

For IP Rights:

- **Copyrights:**
 - Registered Copyright: Record the Security Interest at the U.S. Copyright Office.
 - Unregistered Copyright: UCC-1 Filing
- **Trademarks:** UCC-1 Filing + recording it at the USPTO
- **Patents:** UCC-1 filing + recoding it at the USPTO
- **USPTO** is a Race/Notice Jurisdiction (90 days)

3. Security Interests in IP Rights

Requirements:

- A secured creditor should ensure that the collateral includes all “now and existing and hereafter acquired or created” IP rights, as well as everything associated with the IP right (contract rights, license rights, distribution rights, right to sue, goodwill etc.
- The IP rights should be described precisely (number, inventor/author, dates, description)
- The debtor has an affirmative duty to promptly register any newly acquired IP right and has to notify the creditor of any acquired IP right.
- The agreement should also mention the mechanism to allow the creditor to effectively exercise its remedies upon default (power of attorney).

4. Protection of IP Rights against Creditors and Predators



4. Protection of IP Rights against Creditors

- IP Rights are not exempt from the bankruptcy laws → they may be seized and sold by the assigned bankruptcy trustee.
- For example, Toni Braxton (singer) filed for bankruptcy and her songs were auctioned off to pay her debts. She lost her licensing rights and someone else collected the royalty payments.
- **“J. Crew Trap Doors”**: in 2017, all their existing assets were already pledged as collateral for over \$1.5 billion. They found a way to move the majority of the IP rights outside the collateral structure and use those assets to secure \$300 million in new loans and consummate a discounted payment in kind. The trademarks were no longer subject to the security interest.

→ If you don't want your personal IP rights to be seized by your Creditors, you can also transfer them to a Company.

4. Protection of IP Rights against Predators

- Register your IP rights in the US and/or other countries if your business is international and do not let them go abandoned (pay for the maintenance fees, renewals etc.)
- Using the mark: on the products, website, social media, marketing materials, etc.
- Monitoring: check the USPTO filings regularly to see if anyone has applied to register an IP right similar to yours
- Reach out to a lawyer to send a cease-and-desist letter and/or file a lawsuit.

ii. Protection of IP Rights: **CONFIDENTIALITY!**

- Types of Agreements:
 - Non-disclosure Agreements
 - Confidentiality provisions
 - Purchase orders & invoices
 - Employment Agreements
 - OEM Agreements
- Agreement Language:
 - BROADLY define confidential information
 - Specify term of confidentiality obligation
 - Limit HOW information should be used
 - Specify REMEDIES for breach of agreement





Any questions?