

Vermont Small Business Development Center

Intellectual Property What you need to know

An educational tutorial
by VtSBDC commercialization
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- A work or invention that is the result of creativity, to which one has rights and for which one may apply for a patent, copyright registration, or trademark registration or protect as a trade secret.

Intellectual Property Includes:

- Trademark
- Copyright
- Trade secret
- Patent

Protecting your intellectual property is a quid pro quo arrangement. Where, for your divulging of how your innovation works, you obtain rights to exclude others from using that same innovation. Here is how to interpret each IP property:

- Trademark: **excludes** others from using a “mark” in a way likely to confuse customers
- Copyright: **excludes** others from using your creative work
- Trade secrets: **excludes** use of secret ideas or other business information wrongfully obtained
- Patent: **excludes** use of an invention by other people or companies



All property rights must be enforced by the owner, there is no “patent, copyright, trademark police”

- Trademark
- Copyright
- Trade secret
- Patent

What is a Trademark?

- A **trademark** is a word, phrase, symbol or design, or a combination of words, phrases, symbols or designs, that identifies and distinguishes the source of the goods of one party from those of others.
- A **service mark** is the same as a trademark, except that it identifies and distinguishes the source of a service rather than a product.



A business name is the name of a business entity or a name of a person doing business as. A trademark is not a business name. Link to Vermont [Business Portal](#).

Registration of your mark at the state level

- Trademarks can be registered at both the state and federal level. Federal trademark law may preempt Vermont's own law on trademarks in many cases; nevertheless, a state registration of trademark will serve to establish the date on which the mark's use began more efficiently than other methods.
- Vermont law does not provide for the registration of service marks. Vermont law only provides for the registration of trademarks. ([9 V.S.A. Ch. 71](#))

Additional VT resources

- [Trademark Search](#)
- [Filing Fees](#)
- [Trademark Law](#)



TM - non-registered trademark, SM - non-registered service mark, [®] - registered trade or service mark

Registration of your mark at the federal level is not mandatory, but has several advantages, including:

- Notice to the public of the registrant's claim of ownership of the mark
- Legal presumption of ownership nationwide
- Exclusive right to use the mark on or in connection with the goods/services listed in the registration.
- Provides a recognizable look or symbol that customers come to know as your product or service.

Additional Resources

- [USPTO](#)
- [USPTO Marks search](#)
- [USPTO Basics](#)

- At 5 – 6 yrs.
 - Fee and declaration of use or excusable nonuse
 - Every 10 yrs.
 - Fee and declaration of use or excusable nonuse and application
-
- These fees serve to ensure the trademark database is up-to-date or to cull "dead" marks.



<https://www.uspto.gov/trademarks/basics/maintaining-registration>

Strategy:

Register a trademark in both word format and its logo. The word format is the broadest protection because it is independent of any font or design.

For example: a refresh of the logo may cause the original logo registration to become abandoned because there is no longer any supporting use in commerce.

Not so with the word format

Process including:

1. cursory search to identify prior registrations that might preclude your registrations - are there exact matches or close calls?
2. File application - can be based on use (e.g., the mark is in commerce) or an intent-to-use. The latter is useful to secure a mark if client is not quite to market yet.
3. Prosecution - if the Office has issues with the application.
4. Publication: The application is "published" for 30 days to allow third-parties to object or "oppose" the registration.

Additional Resources

- [USPTO](#)
- [USPTO Marks search](#)
- [USPTO Basics](#)

- Printed resource:
 - <https://www.uspto.gov/sites/default/files/documents/TM-Registration-Toolkit.pdf>
- Trademark Assistance Center
 - <https://www.uspto.gov/learning-and-resources/support-centers/trademark-assistance-center>
- Public site on strategy of Trademarks and Copyrights
 - <https://firstsiteguide.com/trademark-copyright/>
- Article about the traps to avoid
 - <https://www.trademarkandcopyrightlawblog.com/2015/09/copyright-strategies-for-start-up-companies/>

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Copyright protects original works of authorship including literary, dramatic, musical, and artistic works, such as poetry, novels, movies, songs, computer software, and architecture, and the design of a logo if it's ornate or artistic.

Copyright automatically attaches to the work once created.

How long does copyright last for?

- Author's life plus 70 years for work created on or after 1/1/1978
- [Other durations and extensions exist for work](#) created prior to 1978



Copyright protects only the expression of the work, and not the idea underlying the work.

A federal registration with copyright.gov makes your ownership of that original work a public record and enables your legal recourse if you need to bring an infringement suit

- That same federal registration also provides a protection against importation of infringing copies.
- Integral part of your strategy to control your image and build your brand which improves industry and consumer recognition leading to increased company value.

Quick links

[U.S. Copyright Law](#)

[Code of Federal Regulations](#)

[Compendium of U.S. Copyright Office Practices](#)

[Copyright Modernization](#)

[Music Modernization Act](#)

[Copyright Small Claims](#)



Original works of authorship are automatically copyright, and no formal process is required

- Search (<https://copyright.gov/public-records/>)
- Register (<https://copyright.gov/registration/>)
- Recordation (<https://copyright.gov/recordation/>)

Quick Links:

Earning revenue: [Copyright strategy](#)

Using [copyright and trademark](#) to
protect creative work



How long does copyright last for?

There is no time limit

- Trademark
- Copyright
- Trade secret
- Patent

Shush: the opposite of branding

- A Trade Secret is just that; a secret
- Can be 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.
- Examples: recipes, formulas, algorithms

USPTO has a policy on Trade Secrets

To enforce the policy a trade secret must be:

- Have value by virtue of not being generally known
- Have value to others who cannot legitimately obtain the information
- Is subject to reasonable efforts to maintain its secrecy.

Quick links:

[Economic Espionage Act of 1996](#)

[Defend Trade Secrets Act of 2016](#)

Maintain a secret in business:

- To assure the protection of that secret a company will need to demonstrate that employees and stakeholders were made aware of the desire to maintain a strict confidence of the knowhow and that any release of this material would be at the detriment of the business.

These types of documents provide this evidence when signed by employees:

- Non-Disclosure agreements
- Employee agreements
- Vendor agreements

- Trademark
- Copyright
- Trade secret
- **Patent**
 - Commercialization

What is a patent?

- A patent is an exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem.

To get a patent:

- Technical information about the invention must be disclosed to the public in a patent application.

What can be patented?

The patent law specifies the general field of subject matter that can be patented as:

- A process, machine, manufacture, composition of matter (chemicals)



Patent application and prosecution costs should be weighed against the benefit of added value to a project.

A patent:

- Memorializes the invention
- It is a quid pro quo system (divulging how the innovation works in exchange for a 20 year monopoly to prevent others from making using, offering for sale, selling the innovation)
- Potentially part of a strategy to increase the value of your business at a funding round or exit
- The application, is followed by a prosecution (rejections, responses and final rejection or award) \$\$\$
- Prosecution of patent in as short as one year and up to five years
- Term: exclude others 14-20 years from filing date



Patent application is not a patent

[Provisional Patent vs. Non-Provisional Patent Application: What is the Difference?](#)

An innovation must be:
Novel, Non-obvious, useful

Meeting the definition of novel:

Prior to US filing date, an innovation must not have been public, for sale, or in use;

Except for the following conditions and not more than 12 months prior to the US filing.

- Described in a patent anywhere in the world
- Described in a printed publication anywhere in the world
- Publicly in use in the united states
- Offered for sale in the united states

Meeting the definition of Non-obvious:

- If the combination of what is taught in the references would yield a predictable and non-unique outcome, the subject matter of the application would be obvious and not patentable.

Meeting the definition of Useful:

<https://www.ipwatchdog.com/2017/06/10/patentability-novelty-requirement-102/id=84321/>

<https://www.ipwatchdog.com/2017/06/17/patentability-nonobviousness-35-usc-103/id=84716/>

<https://www.ipwatchdog.com/2017/06/03/patentability-invention-patented/id=84071/>



- **Utility patents** (20 yrs. from date filed) may be granted to anyone who invents or discovers any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof:
 - Provisional – sets a place holder for a 12-month dependency period
 - Non-provisional – application is examined by a patent examiner
- **Plant patents** (20 yrs. from date filed) may be granted to anyone who invents or discovers and asexually reproduces any distinct and new variety of plant:
 - Provisional – sets a 12-month dependency period
 - Non-provisional – application is examined by a patent examiner
- **Design patents** (15 yrs. from date filed) may be granted to anyone who invents a new, original, and ornamental design for an article of manufacture:
 - Non-provisional only

- (Probably not optional) - hire or review with patent agent or attorney
- Conduct or commission a patentability study
 - Review prior art at USPTO, internet, trade publications, scientific literature, trademarks, copyrights
- Confirm your ownership of the IP and the data which you used to create your IP
- File provisional patent application - Features of provisional:
 - 12 mo. dependency, establishes filing date, “Patent Pending” , commercial promotion, USPTO certified copies, may add inventor names, no formal patent claim/declaration/disclosure (prior art) statement.

Then (within 1 year)

- File Non-provisional application for prosecution (within US)

and/or

- File PCT (Patent Cooperation Treaty) for establishing international priority



- A patent does not give you the right to practice your innovation. An existing patent could prevent you from using your invention. Example: a patent for a handle of a cup, but the patent for a cup is held by someone else.

- Planned public disclosure
 - Abstracts
 - Posters
 - Papers
 - Presentations on the subject matter
 - Public discussions
 - Grant proposals (not inclusive, i.e.: SBIR grant can be marked as confidential)
- Research driven decision in order to maintain filing priority
- Readiness to commercialize

Is a patent in your future?
If so, here's what to do

- Other Considerations
 - Does the innovation meet the requirements of a patent?
 - Is the cost within your budget for filing, prosecuting and maintenance fees?
 - Is there reasonable evidence a patent is a key ingredient of the business strategy?
 - Will the business generate enough revenue to return this investment?
- Plan your patent strategy well:
 - Confirm patentability
 - Confirm commercial potential
 - Create the commercialization plan

Confirm patentability:

- Verify public disclosure dates (confirm novelty)
- Verify non-obviousness
- Is it useful (can it's utility be described)

Assess financial burden:

- Do you have the funds to prosecute the patent
 - ~15K – 20K: not small business
 - ~7k-10K for small, independent or nonprofits (50%-reduction)
 - ~3.5K-5K for micro (75% reduction)
- Will you have the funds to maintain the patents
 - Generally, there are renewal fees as well at 3.5, 7, and 11 years following issue.

[*Small entity status \(37 CFR 1.27\)](#)

- Meets small size standard
- Has not assigned, granted, conveyed, or licensed

[*Micro entity status \(37 CFR 1.29\)](#)

- Meets small size standard
- Personal income not more than exceeding three times the median household income for that preceding calendar year
- Has not been named as the inventor or a joint inventor on more than four previously filed patent applications

* These criteria are not inclusive, read statute for full understanding

Assess/verify the market

- Analysis of assumptions regarding:
 - Market opportunity for the outcome of the innovation
 - Budget assumptions (product development, marketing)
- Test & verify the value proposition with stakeholders*
- Assemble what has been learned
 - Make best guess prediction of the value of the patent



*This very early stage value proposition is to seek out general interest in an outcome that provides an improvement in some way to a person, company or group.

- Developing a **Startup**, or **Marketing** plan requires:
 - **Startups**: business, technical and evaluation skills
 - **Marketing**: business skills
 - Self-assess your team, determine how will you acquire missing skills?

Startups and Marketing:

- Who will manage the commercialization or marketing of the patent?
 - Is this person skilled in product development or marketing?
 - Is industry knowledge already known or has to be learned?
 - Who in the industry acquires patents and under what conditions?
- Assess capital requirements to implement commercialization plan

Startup

- Business Model Canvas – map out your business model and **verify it!**

Selling or licensing:

- List potential targets – research them before making contact; do they acquire patents? What level of development is required? What is their budget cycle?

Collateral needed for both startups and selling/licensing:

- Develop non-confidential
 - Pitch
 - Executive summary
 - Funder Presentation



Suggestion: Seek out advisors to fill voids in your experience and skills gaps

Marketing outreach

- Research companies in the industry (here are some ideas for sources):
 - Online
 - Technology hubs
 - Trade shows & Conferences
 - Seek the help of a patent broker?

- Prior to first contact with potential licensee
 - Conduct research to become familiar with each potential licensee's:
 - Company portfolio
 - Acquisition strategy for outside innovation
 - Budget cycle
- At first contact
 - Deliver pitch
 - Make your objectives known (if mutual interest)
 - Provide overview of the project/patent and estimate of its market value

- Early discussions with a potential licensee:
 - Do not insist on face-to-face meeting
 - Identify your point person and stakeholders
 - Be transparent about state of innovation, IP restrictions, investors
 - Seek information on strategic focus and priorities
 - Describe commercial applications
 - Seek input from potential licensee on technical viability, potential value, prospect and timing for commercialization

- Negotiations with a potential licensee
 - Define your key objectives/needs early
 - Seek to understand the company's key priorities
 - Build trust to make agreement a win-win
 - If cooperative research is sought, include staff with skills in industry and research
 - Define milestones-clarify roles and accountability
 - Be flexible on deal structure, but be clear on cash/capital requirements to ensure success

- Cost approach
 - Estimate the cost of obtaining technology that delivers a solution from a different source.
 - Cost to buy alternative innovation, time delays, research costs, etc.
- Income approach
 - Analysis of additional profit a company will receive by incorporating the technology into their product mix
- Market approach
 - Valuing the technology based on other products of similar features in the market

- Payment methodologies
 - Lump sum - one-time, based on specific event
 - Performance based on milestones
 - Time based
 - Royalties
 - Rate is paid based on units produced or sold
 - Rate may vary depending on negotiated terms
 - Minimum royalty amount per time period

Negotiating a Contract



Terms to be aware of

- Inflation
- Financial Administration
- Infringement
- Product Liability
- Representations and Warranties
- Licensor and Licensee Obligations
- Waiver (of rights)
- Anti-competitive practices
- Government regulations
- Disputes
- Implementation of the agreement
- Expiration and Termination
- Performance clause
- Exclusivity
- Geographic limitations
- Transferability
- Insolvency terminates license

The Last Word



- Seek legal advice
- Be responsive to questions from potential licensees
- Seek agreement on development/implementation timeline and possible delays



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