# The "Lost Rembrandt in the Attic" Problem

Mining Untapped Intellectual Property and Avoiding Lost Business Opportunities





Presented by **Brian C. Park**Litigation Partner
Technology and Intellectual Property Group

# The Context for Testing IP Rights



- » High upside (increased market share/opportunities/valuations/revenues)
- » Highly motivated people whose reputations, life's work, and jobs may be at risk
- » Fraught with traps (unforgiving laws/opponents) for the unwary and inexperienced

A taste of litigation, where mistakes are viewed through an unforgiving prism ■

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# I. PATENTS

"Let your plans be as impenetrable as the dark of night, but when you act, strike like a thunderbolt."

— Sun Tzu, *The Art of War* (6th century BC)



- Failing to create a record of invention using an accepted engineering notebook protocol ("first to invent").
- Failing to perfect and record title on technology <u>and</u> a patent (e.g., uncooperative employees or co-inventors).
- Failing to advise your clients about premature invention disclosures that trigger Section 102(b) statutory bars.
- Failing to mark products as patented (35 U.S.C. § 287). Falsely marking products as patented (35 U.S.C. § 292).

# II. COPYRIGHTS

"Everything in war is simple, but even the simplest thing is difficult."

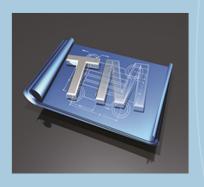
— Carl Von Clausewitz



- Failing to create a record of the parties' intent/agreement about who owns the subject matter (work for hire).
- Failing to register the copyright promptly (i.e., prior to an infringement).
  - A statutory pre-requisite to qualify for:
  - Subject matter jurisdiction (may be important if Plaintiff needs a TRO or preliminary injunction). 17 U.S.C. §411(a).
  - Entitlement to statutory damages (\$750 \$30,000/count or \$200 \$150,000/count) to avoid the expense of having to prove actual damages and/or disgorgeable profits (via costly discovery and expert analysis). 17 U.S.C. § 412.
  - Recovering attorneys' fees (although modest costs apart from fees may be recoverable). 17 U.S.C. § 412.
- Failing to scour each of the statutory exemptions, exceptions, and limitations to infringement. 17 U.S.C. §§ 108-120.
- Failing to appreciate courts' hard application of the merger/functionality doctrine (e.g., clothing, software, architecture designs).

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# III. TRADEMARKS



"When I use a word," Humpty Dumpty said, in rather a scornful tone, it means just what I choose it to mean — neither more nor less." "The question is," said Alice, "whether you can make words mean so many different things."

"The question is," said Humpty Dumpty, "'Which is to be master?' — that's all." — Lewis Carroll, Through the Looking Glass, at 205 (1872)

- ➤ Choosing a name that is legally weak and unenforceable.
- > Choosing a name that is legally strong and enforceable ... by someone else.
- > Failing to understand the difference between a mark and good will.
- > Failing to document and preserve evidence of actual confusion.
- Failing to quantify and document the good will associated with trademarks on financial statements.
- Forgetting that the law protects against more than trademark piracy.



# IV. TRADE SECRETS

"The very word 'secrecy' is repugnant in a free and open society; and we are, as a people, inherently and historically opposed to secret societies, to secret oaths, and to secret proceedings."

— John F. Kennedy (4/27/1961)



- Nonexistent or inadequate security (*i.e.*, physical and legal mechanisms including NDAs, passwords, printed manuals, written acknowledgements, locks/safes, and agreements with explicit consideration).
- > Over-reaching non-competition provisions *tied to* confidentiality provisions.
- Allowing access to those who do not *actually need access* to the trade secrets.
- ➤ "If there is a trade secret, where is the evidence that it exists and is valuable?" Judge X
- Prior failures to police, inadvertent waivers, and tacit invalidations.

## V. TECHNOLOGY TRANSFER DUELS

"I thoroughly disapprove of duels. If a man should challenge me, I would take him kindly and forgivingly by the hand and lead him to a quiet place ... and kill him."

— Mark Twain



# Thorny technology transfer agreements should include provisions that (at a minimum):

- Assign ownership of all developed technology (or at least a "shop right") to the company (*i.e.*, create a record of who owns the technology developed by employees, contractors, consultants, vendors, partners, etc.).
- ➤ Prohibit reuse of the technology developed by outside contractors, consultants, etc.
- ➤ Require the consultant to sign documents and to cooperate with efforts to perfect and enforce its intellectual property rights through application, prosecution, registration, licensing, litigation, and other means.

### VI. BEWARE OF "DEAD BEAT" LICENSEES

"Money, not morality, is the principal commerce of civilized nations."

— Thomas Jefferson (First Patent Examiner of the US PTO)

#### New IP owners are often:

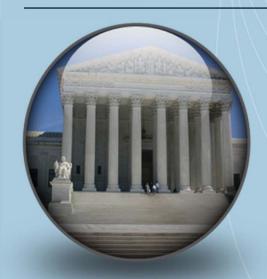
- 1. Too eager to jump at the first suitor (often on an exclusive basis); and
- 2. Too unsophisticated to avoid being seduced by smooth talkers (who may be "infringers in sheep's clothing").

#### To avoid this outcome, a license agreement should:

- 1. Be non-exclusive, unless absolutely necessary and worth it;
- 2. Compel the licensee to move quickly and effectively to market;
- 3. Reserve the Licensor's exclusive rights in policing, control, and ownership (IP, derivative works, residuals);
- 4. Set specific performance metrics and minimum quotas and royalties payments; and
- 5. Provide rights of reversion to allow for termination or conversion to a non-exclusive license.



## VII. ANTITRUST ISSUES



"Greed, for lack of a better word, is good. Greed is right, greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed, in all of its forms ... has marked the upward surge of mankind."

— Gordon Gekko, Wall Street (20th Century Fox 1987)

- ➤ Over-reaching IP enforcement to preclude fair competition by non-infringers (improper monopolization, sham litigation).
- Attempting to use market share captured by IP rights to leverage sales of goods/services not within the scope of those rights.
  - E.g. 1: tying, bundling, and anti-competitive/reciprocal dealing arrangements
  - E.g. 2: requiring that a licensee agree to be limited by the IP beyond the IP's scope, term or invalidation

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# **QUESTIONS?**



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#### Brian C. Park

#### Experience

Brian C. Park is a litigation partner in the Technology and Intellectual Property group.

A registered patent attorney, Brian advises clients about the full range of intellectual property protections and develops compelling dispute resolution/avoidance strategies. He handles high-stakes, high-risk litigation involving clients' most important assets, including their technologies, secrets, brands, creative work product, and business deals. In addition to patent infringement and patent false marking cases, Brian handles other forms of intellectual property conflicts (including those related to copyrights, trademarks, trade secrets, advertising, and contracts).

Apart from intellectual property, Brian has extensive experience with complex litigation involving contract disputes, unfair competition, and corporate espionage. His practice includes the preparation of patent/technology opinions and commercial agreements tailored to safeguard a wide range of business interests and intellectual property rights. His areas of specific technical and industry experience include the mechanical, chemical, electrical, biomedical, computer science, brand management and industrial engineering arts. He has represented local and international clients ranging from small, privately held companies to large, multinational corporations.

Before joining Stoel Rives, Brian was a partner at Dorsey & Whitney LLP, an associate at Seed and Berry LLP, an associate at Bogle & Gates PLLC and a judicial clerk to the Honorable Wilkes C. Robinson of the U.S. Court of Federal Claims.

#### Representative Work

- Successfully handled a patent, copyright and trade dress infringement litigation protecting medical diagnostic ultrasound scanheads and probes.
- Successfully handled a series of patent litigations protecting underground horizontal directional drilling (HDD) locating and tracking systems, resulting in multiple published decisions on patent infringement, validity and enforceability.
- Successfully handled a series of trademark and commercial litigations protecting consumer retail electronics and brands.
- Successfully handled a patent litigation protecting innovative business method patents in the cargo loading industry.
- Successfully handled a patent litigation protecting harmonic vibration damping devices.
- Successfully handled a patent litigation protecting multistation weight resistance exercise machines, resulting in multiple published decisions on patent infringement, validity, enforceability and damages.



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#### Education

- George Washington University Law School, J.D., 1995
   Dean's Fellow
   Giles S. Rich Moot Court Honor Board Chairman
- Stanford University, B.A., Philosophy, 1992, with honors

#### Admissions

- Washington
- U.S. Patent and Trademark Office
- U.S. District Courts for the Western and Eastern Districts of Washington
- U.S. Court of Appeals for the Federal Circuit
- U.S. Court of Federal Claims

#### Brian C. Park

- Successfully defended a patent litigation involving high-pressure, audiophile subwoofers and served as a team leader in a joint defense collaboration resulting in the invalidation of all asserted patent claims.
- Successfully developed and implemented a patent enforcement and licensing program involving e-commerce technology.

#### **Professional Honors and Activities**

- Listed in *Best Lawyers in America*® (currently: Litigation-Patent), 2013
- Selected as a leading patent litigator in the inaugural issue of *Intellectual Asset Management*'s IAM Patent Litigation 250 The World's Leading Patent Litigation Practitioners, 2011
- Selected as one of "America's Leading Lawyers for Business" (Washington) by Chambers USA (currently: Intellectual Property), 2011-2012
- Listed in Washington Super Lawyers® (currently: Intellectual Property Litigation), 2010-2012
- Listed among Rising Stars<sup>SM</sup> by Washington Super Lawyers®, 2006-2008
- Registered Mediator and ADR Committee member, American Intellectual Property Law Association
- Co-chair, Intellectual Property Committee, Federal Bar Association of the Western District of Washington
- Co-founder and Executive Committee member, Seattle Intellectual Property American Inn of Court (Linn Alliance)
- Former member, Washington State Bar Association (WSBA), Mediation Panel and ADR Committee (Board of Governors appointments)
- Certified Mediator, U.S. District Court for the Western District of Washington
- Adjunct Professor, Seattle University School of Law (Applied Law and Practice Management)

#### **Presentations**

- "I See Dead IP: Tales from the Intellectual Property Graveyard," Association of Corporate Counsel, Seattle, Washington, 2012
- "Copyright Law and the Photography Business: Core Concepts," The PhotoCenter Northwest, Seattle, Washington, 2012
- "IP Trade Craft: What Every Corporate Attorney Wishes an IP Lawyer Warned Them About," Stoel University, Seattle, Washington, 2012
- "Inquisition: A Deposition Exhibition," The Seattle IP American Inn of Court, Seattle, Washington, 2012
- "Core Communication and Verification Strategies," University of Washington: Center for Commercialization (C4C), Seattle, Washington, 2012
- "Patent Monetization: Litigator Style," Stoel University, Seattle, Washington, 2011
- "Patent Litigation Best and Worst Practices," (Moderator of Judicial Panel), Federal Bar Association of the U.S. District for the Western District of Washington, Seattle, Washington, 2011
- "IP Litigation Fundamentals," King County Bar Association, Seattle, Washington, 2011
- "Patent Law Reform: The America Invents Act," Keiretsu (Angel Investor) Forum, Seattle, Washington, 2011



#### Brian C. Park

- "Classic IP Tragedies," King County Bar Association, Seattle, Washington, 2011
- "A Comparative Law Analysis of the Rights Governing Design Patent, Copyright and Trade Dress Protections," Dorsey U., Seattle, Washington, 2010
- "Counterfeit Chic: Legal Protection in the Creative Design and Fashion Industries," Washington Lawyers for the Arts, Seattle, Washington, 2009
- "13th Annual Intellectual Property Institute: Design Patents and Trade Dress," WSBA, Seattle, Washington, 2008
- "Significant Patent Decisions of 2007," Washington State Patent Law Association, Seattle, Washington, 2008
- "Mediation in Complex Litigation: Psychologies and Self-Fulfilling Prophecies," WSBA, Seattle, Washington, 2007
- NITA Faculty Member, Northwest Intensive Deposition Program, National Institute for Trial Advocacy, Seattle, Washington, 2006-2007
- "Maximizing Success for Clients in the Mediation of Complex Litigation Disputes: Win-Wins vs. Pyrrhic Victories," IAKL, Seattle, Washington, 2006
- "Avoiding Intellectual Property Pitfalls: Proactive Client Advice Strategies to Save Money and Reduce Risk," WSBA, Seattle,
   Washington, 2006
- "Patent Litigation: Issues of Law, Fact and Fallacy," West Publishing/Thomson, Seattle, Washington, 2005
- "Contract Litigation from A to Z: Expert Strategies and Tactics," Lorman Education Services, Seattle, Washington, 2005
- "Effective Financial Expert Testimony: Expert Deposition Strategies," Law Seminars International, San Francisco, California, 2004
- "Intellectual Property Damages & Proof of Claims: Expert Discovery and Deposition Strategies," Law Seminars International, Seattle, Washington, 2003
- "Managing Complex Litigation," National Business Institute, Seattle, Washington, 1999

#### **Publications**

- "The America Invents Act Ushers in Changes to Patent Litigation" (coauthor, Nathan C. Brunette), *The Federal Bar Association News*, U.S. District Court for the Western District of Washington, Winter 2011
- "LDL-Receptors in Sprague-Dawley Adipocytes: Regulation with Fasting," American Journal of Physiology, 1994
- "Subcellular Localization and Regulation of LDL-r by Insulin," Journal of Lipid Research, 1994

#### **Civic Activities**

- Board Member, The Photo Center Northwest (non-profit)
- Past pro bono general counsel, Book-It Repertory Theatre

