



# IP ESSENTIALS

A Toolkit for Entrepreneurs,  
Innovators, and Business Owners

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Q&A SERIES

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# PATENTS

A patent is an exclusive right granted for an invention. In other words, **a patent is an exclusive right to a product or a process** that generally provides a new way of doing something or offers a new technical solution to a problem. However, you can't patent laws of nature, physical phenomena, or abstract ideas.

**Q** *Does owning a patent give me the right to use/practice the invention?*

**A** A patent only gives you the right to exclude others from making, using, offering, and selling your invention protected by that patent within the United States, or importing the invention into the United States. Even owners of a patent may not have the right to actually “practice” their invention.

**Q** *Should I file a patent, or can I maintain my invention as a trade secret?*

**A** Maintaining your invention as a **trade secret** is a cost-effective alternative to patenting when the information is not easily reverse-engineered. However, you don't have any rights to exclude anyone from practicing your invention if you maintain it as a trade secret. Consider patenting an invention if it can provide a real business advantage, such as limiting or excluding competitors from the market, or generating revenue through **licensing**.

**Q** *What makes an invention patentable?*

**A** To be patentable, an invention must be novel, useful and non-obvious.

**Novelty:** The invention covered by the patent application must be substantially different from anything else that is known to the public. Public knowledge includes (1) anything that has been previously patented, (2) anything that has been written about in a publication, and/or (3) anything that has been sold in public.



**Usefulness:** The invention covered by the patent application must have some practical utility such as providing some identifiable benefit or provide a solution to a problem.

**Non-obviousness:** The invention protected by the patent must be sufficiently different from existing solutions such that a person having ordinary skills in the area related to subject of the patented invention would not find the invention as an obvious derivative of the existing art.

**Q Are there different types of patents?**

**A** Most patents are “utility” patents, protecting the functional aspects of inventions such as machines, manufactured articles, compositions of matter, and processes. You can also patent **ornamental designs** of something that has a practical utility. Finally, you can also patent certain new and distinct varieties of plants that can be asexually reproduced.

**Q What are “patent claims”?**

**A** The **patent claims** are particular to utility patents and they define the scope of the invention. The disclosure, including the written description and the figures do not define the patent right—the claims do!

**Q I contributed to a portion of an invention, should I be included on the patent application as an inventor?**

**A** You are an **inventor** if you contributed to the “conception” of the invention. That contribution requires more than routine engineering skill or supervision. An inventor needs to make a contribution to at least one claim of the patent.

**Q What is a provisional patent application?**

**A** A provisional patent application allows you to establish an early effective filing date (priority) for a later filed application. Provisional patent applications cannot “mature” into a patent. Provisional applications are not publicly available and are automatically abandoned one year after filing.

To preserve your rights to the provisional application filing date, you must file a non-provisional application within one year and claim priority to the provisional application. It is important to make sure that the disclosure of a provisional application can support the claims of any later-filed non-provisional applications.

**Q I’ve been selling my product for more than a year, is it too late to file for a patent?**

**A** In the United States, a patent application must be filed within the one-year grace period after your invention was first disclosed to the public, publicly used, sold, or offered for sale in the United States. The rest of the world does not offer a grace period.

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**Q** *What does it mean if an invention has “absolute novelty”?*

**A** Most countries require “absolute novelty” of an invention before filing a patent application. Patent rights in these jurisdictions may be jeopardized if there is any disclosure or sale of the invention prior to filing a patent application.

**Q** *How can I market-test my product without triggering the “on-sale” bar?*

**A** Certain prior public uses may not trigger the one-year “on-sale” bar if it qualifies as an allowable experimental use. If, for example, a public use is performed solely for the purpose of perfecting the invention and remains confidential and under the control of the inventor.

**Q** *How long does a patent last?*

**A** As a general rule, utility patents filed now, have a life of twenty years from the date of filing of the earliest non-provisional application to which it claims priority. You may also get some additional time as patent term extension if the grant of the patent is delayed by the patent office’s examination process. Design patents filed now, generally have a term of fifteen years from issuance.

**Q** *Does my U.S. patent protect me in foreign countries?*

**A** Your U.S. patent does not protect you in any foreign countries. In order to be protected in foreign countries you will have to file a separate patent application in each of the [countries](#) that you want patent protection in.

**Q** *If two people invent the same thing, who is awarded the patent and is keeping a record of my invention important?*

**A** In the United States, patents are awarded to the first inventor to file a patent application. Nevertheless, it is important to maintain accurate records of invention disclosures, such as lab notebooks or an equivalent record keeping, which may be important evidence for future patent disputes.

**Q** *How can I tell if my invention is patentable or is already patented?*

**A** You can perform a preliminary [patent search](#) online. The best way to determine if your invention is patent eligible or is already patented would be to consult a patent attorney.

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# TRADEMARKS

**A trademark is a source identifier that can be a word, name, symbol, design, combination of a word or design, a slogan, a catch phrase, or even a distinctive sound, color, or fragrance.**

It identifies and distinguishes the goods and services of one manufacturer from those of another.

## **Q What is the difference between “®” and “™”?**

**A** In the United States, trademark rights are created through use of the mark. Registered trademarks use the familiar symbol “®” and adopted, but unregistered marks use the symbol “™” to notify the public.

In text, trademarks should always be used as they are registered. Word marks must always be used as adjectives, never as nouns or verbs, and never in the possessive. A word mark should stand out from the text and not be coupled with the manufacturer’s name.

## **Q What are service/certification marks?**

**A** A service mark identifies a service, such as accounting, engineering, education, consulting, retail/wholesale store services, and others. A certification mark is a trademark that is owned by a certifying organization that uses the mark to certify that goods meet pre-defined criteria, typically regarding quality, such as “Florida Oranges” or “Energy Star.”

## **Q What is trademark strength?**

**A** The nature of a mark, particularly its relative strength or weakness, will have a direct bearing on its performance in the market and the scope of legal protection to which the mark is entitled. In general, the stronger a mark is, the easier it is for the mark to be registered and protected from unauthorized use by others.



**Q How are trademark strengths determined?**

**A** The strongest trademarks are made of words that are not descriptive of the goods or services being offered under that particular trademark.

- Made up words (such as Google for search services, or Rolex for watches) provide the strongest trademark
- Words that are taken out of context (such as Apple for computers).
- Words that are not descriptive but are suggestive of the good or service can generally be registered, but they are not quite as strong (such as LinkedIn for networking community or Netflix for streaming services).
- Words that are descriptive of a product or services that are being offered may receive trademark protection only if it acquires secondary meaning (Burger King for burgers, Coca Cola for a cola drink made from coca leaves).
- Generic words are not registerable to trademark for those goods or services associated with that particular generic word (e.g. "Apple" for a business selling apples is too generic).

**Q Why should I register my trademark?**

**A** Under the common law, a trademark may be protectable, locally, as soon as it is adopted by the user (assuming there are no prior users). However, federal registration of a trademark gives the owner a nation-wide right of priority in the trademark, access to federal jurisdiction, and provides the owner a presumption of trademark validity. Registration requires an application and examination to confirm that there are no prior, confusingly similar uses of the trademark.

**Q My business has one physical location—should I register my trademark federally?**

**A** Federal registration is only available for trademarks that have been used in interstate commerce (across state or national boundaries). However, an applicant who intends to use a trademark in interstate commerce may apply for registration. You may apply for a federal registration, if you are conducting your business online. The application is examined and may become registered once the mark has been used in interstate commerce.

**Q What is trademark infringement?**

**A** Trademark infringement occurs when another party uses the same or similar trademark in a manner that causes a "likelihood of consumer confusion." Courts look at several factors to assess the

**Q How long will my trademark registration last?**

**A** A common law trademark will last as long as the trademark continues to serve as a source identifier to the relevant population. A trademark registration is potentially perpetual as well, but it must be renewed every ten years.

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likelihood of consumer confusion, including: the similarity of the marks, the similarity of the goods and services, the relevant market and channels of trade, the sophistication of the relevant buyers, and any evidence of actual confusion.

**Q What is a “clearance search”?**

**A** Before adopting a new trademark, it may be prudent to perform a “clearance search.” This pre-adoption search and review allows for consideration of any potentially similar trademarks, as well as an evaluation of any potential likelihood of consumer confusion, to assist in the determination as to whether the proposed mark is suitable for use and/or registration.

**Q Do I need to consider international registration of my trademark?**

**A** Trademark rights in the United States are based on “first to use.” The trademark rights in the rest of the world are based on “first to file” an application. If you are planning to conduct business abroad and want to take advantage of your U.S. priority date, you need to register your mark internationally within six months of filing the trademark registration in the U.S. You can still register your mark internationally later, but you would lose the advantage of your earlier priority date.

**Q What if I don’t do anything with my registered mark?**

**A** Trademarks may be abandoned through non-use or misuse. Trademark owners should be careful to continue use of their marks in a proper manner, and to police any and all unauthorized uses, to avoid any unintended consequences. If the mark will be temporarily discontinued (for example in connection with a business reorganization or relocation), efforts should be made to document the fact that the period of non-use is only temporary and that the trademark owner intends to begin use again on a certain date.

**Q What are the potential consequences of improper use of a trademark?**

**A** Improperly using a trademark (e.g. as a noun) may lead to the mark becoming generic for the goods and/or services associated with that mark. The following are a few examples of trademarks having become ‘genericized’:

- Escalator
- Kleenex
- Xerox
- Zipper
- Dumpster
- Taser

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# COPYRIGHTS

**A copyright is an original work of authorship that has been fixed in any tangible medium of expression.** Examples include: literary works, software, dramatic works, music, lyrics, dances, pictures, sculptures, movies, sound recordings, and architectural works.

A copyright includes a bundle of rights: reproduction, derivative works, distribution, performance, and public display.

## **Q Do I have to file/register for copyright protection?**

**A** No. The copyright of an original work of authorship vests in the author immediately upon creation unless transferred in writing. However, a registration might be beneficial if you plan to file a lawsuit for copyright infringement. Federal registration of copyright provides several benefits including the right to sue for infringement in a federal court, statutory damages, and, potentially, recovery of reasonable attorneys' fees.

## **Q What does the “©” signify?**

**A** Notice of copyright includes the familiar symbol “©” or the word “copyright,” the year of first publication of the work, and the name of the copyright owner. One does not need to register the copyright to use the symbol.

## **Q What is a “work for hire”?**

**A** A “work for hire” is a work commissioned under a written agreement or one produced by an employee in the normal scope of employment (where the copyright vests in the employer).

Independent contractors will retain ownership of copyrightable works unless there is an assignment in writing. Independent contractors are determined by a number of factors, including: the level of control in preparing the work, the degree of skill involved in creating the work, the duration of the relationship between the authors and employer, the amount of benefits and the tax treatment afforded to the author, and the possibility of additional projects.

**Q What is a work “in the public domain”?**

**A** When a work is said to be in the public domain (also referred to as “commons”), generally the copyright term has expired or the authors voluntarily included their works in the public domain through a procedure known as “voluntary relinquishment”.

**Q What is the “fair use doctrine”?**

**A** Under the fair use doctrine, a party may exercise the rights otherwise controlled by the copyright owner for the purpose of research (for limited purposes), comment, criticism, parody, or scholarship.

**Q What is the Digital Millennium Copyright Act (DMCA)?**

**A** The DMCA addresses copyright infringement on the internet. Among other things, it bans the creation and distribution of technology, devices, or services that are intended to bypass measures to control access to copyrighted works, whether or not there is actual infringement of copyright. The DMCA also limits the liability of online service providers for copyright infringement by users, provided that they meet specific requirements.

*“The copyright of an original work of authorship vests in the author immediately upon creation unless transferred in writing.”*

**Q How long does a federal copyright protection last?**

**A** Depending on the type of work, and whether, where, and when the work was first published, a copyright term may last up to 120 years from the date of creation.

**Q Can I transfer my copyrights to another person or entity?**

**A** Yes. Like any other property, all or part of the copyrights in a work may be transferred by the owner to another. Any copyright assignment must be in writing.

**Q Do I lose my copyright if I post my original work on social media?**

**A** No, but you generally give a non-exclusive right to use the work to the social media platform where you uploaded your work. It would be prudent to read the terms and conditions of these platforms before posting your work.

**Q Is my copyright good in other countries?**

**A** Most of the world including the United States are signatories to international treaties that recognize copyrights in works of authorship.

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# TRADE SECRETS

**Trade secrets include any and all technical or business proprietary information that gives the holder an advantage over competitors**

who do not possess the information. For example, trade secrets may include technical formulas, manufacturing techniques, processes, programs, business methods, customer and supplier lists, and other business information.

**Q What makes something a trade secret?**

**A** The information has independent economic value, actual or potential, and it is not readily known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

**Q In which cases may trade secret protection be beneficial?**

**A** This varies on a case-by case basis, but trade secrets may generally be beneficial in the following circumstances:

- the subject matter of the trade secret cannot be protected by **patents**, **copyrights**, and/or **trademarks**;
- the time frame that the secrets may have value is either shorter than the time required to obtain a patent or longer than the 20 years of protection available under patent law;
- the likelihood is high that the information can be kept secret;
- the subject matter is not readily ascertainable;
- the secret is related to a manufacturing process.

**Q Can a trade secret lose its value?**

**A** Yes. The protectability of a trade secret may easily be lost if steps are not taken to maintain proprietary information as confidential. Trade secrets require the use of “reasonable efforts” under their unique circumstances to maintain secrecy.



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**Q What are some reasonable procedures for protecting a trade secret?**

**A** Standard agreements and procedures include the use of **confidentiality**, non-competition, and non-disclosure clauses in employee, and consultant and independent contractor agreements. Exit policies should be in writing and remind departing employees of their specific confidentiality obligations. Other reasonable procedures to protect trade secrets include letters to the new employer of a departing employee, labeling documents accordingly, providing access only on a need-to-know basis, and creating an unsolicited idea policy.

**Q How do I formulate a trade secret protection plan?**

**A** Some considerations when developing a trade secret plan include

- creating a written trade secret policy;
- informing and educating employees about the plan;
- identifying and restricting access to trade secrets;
- maintaining computer secrecy;
- eliminating all disclosure of trade secret information to the public;
- using confidentiality and non-disclosure agreements when dealing with employees and third parties; and
- appointing a custodian of trade secrets to monitor policy and communications.

**Q Do I need to register or file my trade secret with the government for protection?**

**A** No. Unlike patents, trademarks, and copyrights, trade secrets need not, and indeed cannot, be filed or registered with any government body or agency for protection. A trade secret is protectable based on the fact that it is not known to anyone who is not required to maintain it in confidence. And a trade secret remains protected as long as it remains unknown to others.

*"Unlike patents, trademarks, and copyrights, trade secrets need not, and indeed cannot, be filed or registered with any government body or agency for protection. "*

**Q What kind of laws protect trade secrets?**

**A** Forty-eight states, including Massachusetts, have enacted the Uniform Trade Secrets Act (UTSA), as has the District of Columbia and Puerto Rico. North Carolina has its own trade secret statute that is similar to the UTSA, while New York still applies common law. The Defend Trade Secrets Act enacted in 2016 allows an owner of a trade secret to sue in federal court when its trade secrets have been misappropriated.

**Q** *Should I worry about trade secret misappropriation?*

**A** Yes. Trade secrets may give a competitor an unfair advantage or head start if the competitor improperly accesses the secret information. In most instances, this information comes from former employees including key personnel such as directors, officers, and key employees (engineers, scientists, managers, and sales professionals).

**Q** *What if my trade secret can be reverse engineered?*

**A** Trade secret law does not prevent discovery by fair and honest means in business competition. Reverse engineering must be well documented to defend against a future claim of trade secret misappropriation (likewise, for independent development). Owners of trade secrets should consider patent and/or copyright protection, or contractual prohibitions on reverse-engineering, if the information may be reversed engineered from your product or service.

**Q** *Can I license/sell my trade secret?*

**A** Yes. You can freely transfer your trade secret to others in any way you choose. This is because a trade secret is viewed as a piece of property in the eyes of the law – just like patents, trademarks, and copyrights. In other words, a trade secret owner owns the rights to sell, license, lease, or otherwise transfer the asset to others for commercial reasons.

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**Q** *How long does a trade secret last?*

**A** *Trade secrets can last as long as the information is properly maintained and protected – potentially forever.*



# DESIGN PATENTS

**Design patents protect the ornamental aspects of products** such as medical devices, board games, graphical user interfaces, vehicles, consumer products, and other things.

**Q** *What types of ornamental features are protectable by a design patent?*

**A** Design patents can be used to protect consumer-facing ornamental features of various items, such as consumer products, sporting goods, apparel, medical devices, automobiles and replacement parts, architecture, to name just a few. Two-dimensional designs, such as graphical user interfaces (both static and dynamic), game boards, and icons, are also protectible with design patents.

**Q** *What are the requirements for patentability for design patents?*

**A** To obtain design patent protection, a design must be novel, non-obvious and ornamental. In the United States a design patent application can be filed up to twelve months after the first disclosure of the design, but some other jurisdictions around the world are not as lenient.

**Q** *Can more than one embodiment of a design be included in a single application?*

**A** Yes. However, a patent examiner is likely to limit the number of designs that are examined. In such instances, the applicant should be prepared to file divisional applications to the remaining designs.



**Q How many views of the design are required for each embodiment?**

**A** Many design patent applications are filed with what are commonly referred to as the *seven standard views* (front, rear, top, bottom, left, right, and perspective views) for each embodiment. However, in some instances, it is possible to include more or fewer views in the application, as long as they clearly show the appearance of the embodiment.

**Q How should I prepare the figures for a design patent application?**

**A** It is best to work with an experienced illustrator when preparing the figures for a design patent application. An illustrator can prepare formal line drawings based on prototypes, computer-aided design (CAD) files, photographs, or other images. Line drawings are most commonly used, but are not required in a design patent application. For example, a design patent application can be filed with photographs or shaded images rendered from a CAD file. This is not recommended, however, because the original filed drawings limit the scope of the patent.

**Q What amount of written description of the design is required?**

**A** Design patent applications include a single claim and are much shorter in length than utility applications. A design patent application generally includes a title, a very short description of the figures, and any additional description of the ornamental design to add clarity to the appearance in the drawings. A short statement may be included to describe lines that depict surface shading, color, texture, or patterns.

The title is important and may determine the scope of products that are covered by the design patent.

**Q How broadly can I claim the design?**

**A** In the U.S., design patents can claim a design in its entirety or a portion thereof. In addition, in line drawings, solid lines are used to represent the claimed portion of the design, and dashed lines (or broken lines) are used to represent unclaimed portions of the design.

**Q Is international protection available?**

**A** Design patent applications may be filed abroad and claim priority to an earlier filed design patent application if filed within six months of the U.S. filing date. An **international design patent** filing regime (the Hague Convention) allows for a single international application (a Hague application) to enter designated member countries.

**Q What is the term of a design patent?**

**A** In the U.S., design patents have a term of fifteen years from the date of issue. There is no requirement to pay periodic maintenance fees during the fifteen-year term.

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**Q** *Can a design patent application claim priority to a pending utility patent application?*

**A** Yes, depending on the drawings that were filed in a pending **utility patent** application, a design patent application can be filed based on those drawings and claim priority to the pending utility patent application. Such a design patent application would be entitled to the benefit of the filing date of the utility patent application. Any subsequently issued design patent would still have a term of fifteen years from its issue date. Design patents cannot claim priority to a provisional utility patent application.

**Q** *How does a design patent differ from a utility patent?*

**A** Generally, a design patent protects the ornamental appearance of a product. In a patent portfolio, design patents can be used to complement utility patents, which generally protect the structure, function, method of manufacture, or use of the product. Design patents generally issue sooner than utility patents, taking an average of about fifteen months from filing to issue.

**Q** *Can an ornamental design be protected simultaneously by design patent, trade dress, and copyright?*

**A** Generally, yes, though each route has its own requirements and might be suitable for different aspects of a given ornamental design. Design patents may serve as precursors towards trade dress rights where the ornamental design is non-functional.

**Q** *If someone infringes my design patent, what damages are available?*

**A** In addition to conventional remedies such as obtaining injunctive relief, and as an alternative to collecting a reasonable royalty, a design patent owner may collect the total profits of the sales by the infringer. However, depending on the scope of the design patent, the damages may be limited to a component of a product rather than the entire product.

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# INVENTORSHIP

**Inventorship has a strict legal definition under U.S. Patent Law.** The law stipulates that only those who have made contributions to the conception of an invention are inventors. This notion of conception is the touchstone of inventorship.

## **Q** *What is an invention?*

**A** An invention is any new and useful process (way of doing or making things), machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the **patent** laws of the United States. It is important to remember that one must first identify the “invention” in order to be able to identify the “inventors.”

## **Q** *Who is considered an inventor?*

**A** An inventor is defined as someone who has substantially contributed to the conception of an invention, or the *mental* part of invention. Conception of an invention requires two steps: it must exist, and it must be complete. Persons involved in both steps are inventors. Note that conception may exist and be complete even though experimentation continues, for example when a concept is proven yet modifications are still being made, e.g. for optimization.



**Q** *I helped design the prototype of an invention. Am I an inventor?*

**A** Under U.S. patent law, someone doing routine experimentation or making passive contribution, such as maintaining lab notebooks or confirming data, is generally not considered an inventor. Complications often arise when defining the combined efforts of a team to reduce an invention to practice. There is a distinct difference between contributing to the actual conception of an invention, and merely acting under the supervision or at the direction of another.

**Q** *What is reduction to practice?*

**A** After conception, an invention is deemed to have occurred when the inventor(s) have reduced it to practice. **Reduction to practice** occurs in one of two ways: actual or constructive reduction to practice.

1. Actual – sufficiently developing and testing the invention to show that it will work for its intended purpose.
2. Constructive – filing of a patent application describing and claiming the invention sufficiently to teach one of skill in the art of how to practice the invention.

It should be noted that participation in the reduction to practice the invention, without more, does not make an individual an inventor. On the other hand, if a technician conceives of a breakthrough solution during the reduction to practice, and if the breakthrough becomes part of the invention as reflected in the claims, then the technician is a properly named inventor. In other words, someone participating in the reduction to practice must also contribute to the final, complete conception to be an inventor.

**Q** *Can an invention have more than one inventor?*

**A** Yes. **Joint Inventorship** occurs where more than one inventor contributes to the conception of at least one of the claims in the patent. However, each coinventor does not have to contribute to the conception of every claim, nor do they have to work in the same physical place or at the same time.

**Q** *Can the named inventors change during the patent process?*

**A** Inventorship can be changed in a provisional application at any time during its pendency, or even after expiration. The same process is followed to add or remove an inventor, to update the name of an existing inventor, or to change the order of the named inventors. A provisional patent application should identify all persons who may reasonably be named as inventors, even if their contribution may later be excluded in prosecution.

**Q** *Why is due diligence in the invention process so important?*

**A** Inventorship determines ownership of a patent. Thus, it is important to keep good notes and accurate records, not only of individuals' contributions during the development process, but also of efforts and diligence to reduce the invention to practice. Each situation is unique and must be evaluated on facts, so maintaining precise documentation for later reference is key in determining the proper inventorship.

*"Joint Inventorship occurs where more than one inventor contributes to the conception of at least one of the claims in the patent."*

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**Q** *How do I ensure that my company retains ownership of an invention?*

**A** In order to obtain the ownership of an invention, a company should have some form of written agreement, typically a employment agreement, contract and/or assignment, that makes clear that the intellectual property created is the property of the company. In some circumstances, local law can ensure an obligation to assign the intellectual property rights to a company, but this obligation may not be enforceable worldwide.

**Q** *Is “authorship” the same as “inventorship”?*

**A** No. Unlike in academia, where it is common for all members of a team to be named as an author, inventorship (or joint inventorship) may not be granted simply as a reward for contribution to a project. Inventors must make an intellectual contribution, solely or jointly, to at least one element of a claim in the patent. In contrast, authors may have contributions that were done solely at the direction of others or made to the reported research, rather than contributions to the conception.

**Q** *What happens to my patent if I omit or misidentify one of the inventors in the patent application?*

**A** Patents, by law, must contain the names of all inventors, and all inventors named in the patent must have contributed to the conception of the invention. A patent that incorrectly identifies an inventor or inventors is rendered invalid, unless corrected. A mistake can be fixed if it was made through error and without intent to deceive.

**Q** *For inventions that are developed utilizing an AI system, who, if anyone, is the inventor?*

**A** The answer to this question is complex. For example, where a person conceives of an inventive solution to a problem and then instructs an AI system to optimize certain features of the inventive solution, the answer is clearer. The performance of routine optimization by the AI system will not call into question whether the AI system is an inventor.

However, if a person presents a problem to be solved by an AI system, and the system develops an otherwise inventive solution that the person had not conceived of the answer may not be straightforward. The person did not conceive of the solution, so in accordance with current patent laws, the person is not the inventor, even if the person programmed the algorithm that the AI system utilized to arrive at the solution. According to U.S. patent law, if the person did not *conceive* of the particular solution arrived at by the AI system, he/she is not the inventor. The question of who may properly be named as the inventor of an otherwise inventive solution developed by an AI system is not just for academics, since in order to apply for a patent on an invention, one must list the inventor(s).

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## FREEDOM TO OPERATE (FTO)

**A Freedom to Operate (FTO) analysis is a critical step of due diligence for inventors, entrepreneurs, and businesses looking to develop, produce, or commercialize a new product, process, or technology.** This analysis will determine whether any aspect of the innovation might infringe upon existing intellectual property (IP) rights owned by others. By identifying and mitigating potential infringement risks, an FTO analysis can help safeguard investments, reduce legal uncertainties, and position the innovation for success in the marketplace.

**Q What is an FTO analysis, and why is it important for entrepreneurs and inventors?**

**A** An FTO analysis is a comprehensive search and examination of issued patents, published **patent** applications, and other IP rights (such as **trademarks** and **copyrights**) to determine whether a new product, process, or technology or any of its components may infringe upon any existing rights. The search and examination will identify potential risks that can then be mitigated with an appropriate strategy.

**Q When should an entrepreneur or inventor consider conducting an FTO analysis?**

**A** While not legally required, it is recommended to initiate an FTO analysis early in the innovation process, ideally before investing significant time and resources into developing and commercializing your idea. An early FTO analysis can help you design a market entry strategy that takes into account any potential obstacles posed by existing patents or intellectual property rights. Identification of such risks can inform your decision-making and lead to the development of alternative approaches or designs, if necessary.

A potential added benefit of performing an FTO analysis is obtaining a thorough in-depth analysis of the competition and landscape. This study might identify opportunities for patenting additional technologies or aspects of the technology, or even spark new ideas for further development.



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**Q What steps are involved in an FTO analysis?**

**A** A thorough FTO analysis typically involves the following steps:

- 1. Identifying relevant patents.** A search for patents that could be related to the **invention**, or any aspect of the invention is performed. This involves keyword searches of publications from the United States Patent and Trademark Office (USPTO), World Intellectual Property Office (WIPO), and European Patent Office (EPO). The keyword search can be performed through comprehensive databases, such as Google Patents.
- 2. Reviewing claims.** A careful analysis of the **claims** in any identified patent that is still in force is performed to understand the scope of protection and potential relevance to the invention. The claims in a pending application may also be analyzed. While pending applications are not enforceable until issued, it is also important to analyze the scope of claims which may soon be granted.
- 3. Analyzing the product/process.** The invention's features, functionality, and implementation are compared to the claims of identified patents and pending applications.
- 4. Considering non-patent IP rights and non-patent literature.** Competitors who are currently working on technology relevant to the invention are identified and monitored for future patent publications and non-patent literature publications, such as scientific journal articles, trade publications, blogs, and other media. Other forms of intellectual property, such as trademarks and copyrights, may be reviewed. It's important to keep in mind that certain forms of intellectual property, such as unpublished applications and **trade secrets**, may exist that are confidential and not available to the public.

- 5. Geographical considerations.** As IP rights are territorial rights, the scope of the FTO should cover all **jurisdictions** in which the invention could be made, used, sold, or imported. This may include non-English publications.

**Q Can I perform the FTO analysis on my own?**

**A** Most IP databases for patents and trademarks are freely available to the public, and more sophisticated IP databases are available at a reasonable cost. While you can start the process by conducting an initial patent search, consulting with a qualified intellectual property attorney is highly recommended. A qualified attorney will possess the legal expertise to interpret issued and pending patent claims accurately and provide you with a reliable legal opinion on potential infringement risks.

**Q What if I find patents that could be relevant to my idea?**

**A** If you find any patents that could impact the commercialization of your idea, consult with an IP attorney to assess the scope of those patents and the potential risk they pose. An experienced IP attorney will evaluate the risk of any potential infringement and consider factors like claim scope, jurisdiction, and the patent holder's history of enforcing their patents.

Legal counsel will be able to guide you on possible courses of action which may include:

*While you can start the process by conducting an initial patent search (on your own), consulting with a qualified intellectual property attorney is highly recommended.*

- **Modifying your invention.** You may consider altering your invention's design, process, or components to avoid infringing issued claims. This might require design adjustments or changes to your approach.
- **Licensing existing patents.** You can negotiate licenses with identified patent holders, allowing you to use their technology while paying a fee or royalty.
- **Challenging the validity of the existing patent.** If you believe a patent is invalid or wrongly granted, you can challenge its validity.
- **Abandoning your idea.** In some very rare cases, if the risks are too high and there is no viable way to modify the invention, it might be best to abandon the idea.

Regardless of any potential infringement risk, if your invention has unique and non-obvious features that differentiate it from the full disclosure of those existing patents, you might still be able to obtain a patent for your idea. Patentability and freedom to operate are two separate analyses which do not necessarily overlap.

### **Q How much does an FTO analysis cost?**

**A** The cost of an FTO analysis can vary based on factors such as the complexity of your invention and the number of potentially relevant patents (the crowdedness of the field). While there are costs associated with an FTO analysis, it's a prudent investment compared to the potential expenses of unexpected legal disputes. Based on the results of the analysis, an IP lawyer can suggest specific strategies to mitigate risks of costly legal disputes. For example, even if there are potential infringement concerns, a lawyer can help negotiate [licensing agreements](#) with patent holders, allowing you to legally use their technology.

### **Q What could happen if I proceed without conducting an FTO analysis?**

**A** Proceeding without an FTO analysis can expose you to legal risks. If your invention is found to infringe upon existing intellectual property rights, you could face legal action that may lead to expensive litigation, damages, and injunctions. Other risks include wasted resources from developing and marketing an investment; reputational damage that can erode trust among partners, customers, and investors; and loss of market share to competitors when a business is forced to halt production or sales due to infringement issues.

### **Q Is an FTO analysis a one-time thing?**

**A** While an FTO analysis significantly reduces the risk of being involved in legal action, it can't offer absolute certainty that you won't face disputes in the future. At any point after the FTO analysis is performed, new patents could be granted, or previously overlooked patents could come to light. However, a well-conducted analysis greatly improves your understanding of potential risks and ability to spot additional risks in the future.

As technology advances and the intellectual property landscape evolves, periodic updates to your FTO analysis are advisable. If you make significant changes to your invention or its features, you should consider performing a new FTO analysis to capture such features.

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# CONFIDENTIALITY AGREEMENTS

**Confidentiality agreements are important business tools and are often precursors to further agreements and business relationships.**

For most businesses, their intellectual property is their most valuable asset, and must be protected.

When there is a disclosure or potential disclosure of confidential information at the beginning of a business relationship or if discussions discontinue, a confidentiality agreement sets reasonable boundaries for behavior. As such, putting an agreement in place should be viewed as a significant and necessary activity and should be treated accordingly.

## **Q What is a confidentiality agreement?**

**A** A confidentiality agreement, also called a non-disclosure agreement (NDA) or secrecy agreement, is a legal contract between two (or more) parties stating that they will not share or profit from confidential information. This type of agreement may be useful in many different situations such as when a company has confidential and proprietary information, or even trade secrets, where the value is maintained by their secrecy, or in the case of a business merger, material R&D, vendor sourcing, a potential investor, or a joint venture between companies.

While all agreements should be tailored to the specific needs of the parties involved, there are some typical components that should be included in any confidentiality agreement or confidentiality clause:

- Identification of the parties who have access to the confidential information;
- An outline of the confidential information included in the agreement;
- Exclusions to the confidential information;
- How long the information should remain confidential;
- Examples of appropriate and inappropriate uses of the confidential information;
- What to do in case of a breach by a party receiving the confidential information.



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**Q What are the different types of confidentiality agreements?**

**A** There are two types of confidentiality agreements:

1. One-way (or Unilateral) Confidentiality Agreements
2. Two-way (or Mutual) Confidentiality Agreements

A one-way confidentiality agreement is common between businesses and suppliers, vendors, and consultants. Typically, a one-way confidentiality agreement provides obligation of confidentiality and non-use only to the recipient of the information. One-way agreements provide maximum flexibility and no reciprocal obligations of confidentiality or limited use.

Often the default because of the “mirror image” terms, two-way confidentiality agreements anticipate both parties sharing confidential information. These agreements should be reviewed with care. They should not be offered or accepted if information should only flow in one direction because it may place an undue burden on a party that has no legitimate interest to receive or protect the other party’s information.

When determining the correct type of confidentiality agreement for a particular situation, it is important to remember that inaccurate or inadequate identification of a party may result in an unenforceable agreement or leave a party without recourse under the agreement.

**Q What are the other types of agreements that that typically contain confidentiality, limited use, and/or intellectual property provisions?**

**A** Besides confidentiality agreements, there are several types of legal agreements and clauses within such legal agreements that can be put in place to secure intellectual property rights. These include, but are not limited to:

- Consultant Services Agreements
- Research Agreements
- Analytical Services Agreements
- Evaluation Agreements
- Joint Development (Collaboration) Agreements
- Manufacturing Agreements
- **License Agreements**
- Employee/Contractor/Temporary Worker Agreements

All of these different types of agreements have specific uses for certain types of relationships and subject matter. For example, for manufacturing agreements, the owner of confidential information should be mindful of potential improvements made by the manufacturer as a result of being exposed to the confidential information. In such an agreement, the owner of the confidential information may want to consider a clause requiring the manufacturer to assign the rights in any improvements to the owner.

**Q What are some things that should be considered when deciding whether to have a confidentiality agreement or another type of agreement to protect intellectual property rights?**

**A** A confidentiality agreement is often the gateway for targeted discussions that lead to business relationships. As such, it is vital that the agreement is written with consideration of the context of the specific relationship, the information being disclosed, and how it may be used. Beware of “boilerplate” agreements with overly broad terms. A strong and well-written confidentiality agreement can prevent potential partners (and competitors) from mishandling and/or misappropriating valuable intellectual property rights.

The most important consideration is a balance between the discloser's need for protection and the recipient's need for the information prior to making a business commitment. Even with a confidentiality agreement the level of disclosure should be limited to only the necessary confidential information for the related matter.

Some common areas of concern involve issues as simple as identifying the correct legal parties to more strategic decisions around what level or type of information will be disclosed and received and by whom. It is necessary to conduct proper due diligence and consult a legal advisor prior to entering into any type of agreement.

**Q Why is it important to define the “confidential information” in a confidentiality agreement?**

**A** The definition of confidential information in the agreement should be specific, understood by the parties, and relevant only to the use of the information within the purpose of the agreement. Of course, a broader definition would be preferable to the disclosing party, while the recipient would benefit from a narrower description.

Similar positions are typically held by discloser and recipient regarding the need to mark or otherwise identify disclosed information as being confidential. The disclosing party has the burden to identify which information is confidential. This can be done one of two ways:

- Written disclosures – marking “CONFIDENTIAL”; and
- Oral disclosures – memorialize in a follow-up disclosure within some time period.

Consideration should also be given to information that was or is independently developed by the receiving party without any use of the disclosing party’s confidential information. This may be especially important to allow a company to exploit developments that may be technically related to the confidential information that was disclosed.

Some **exceptions** to confidentiality include:

1. information that is generally known or publicly available
2. in possession of the receiving party,
3. lawfully received on a non-confidential basis from third parties

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**Q** *Why would I need a confidentiality agreement to protect my invention?*

**A** To seek **patent** protection, it is not necessary to have actually implemented the invention before filing a patent application. In fact, it is often better to file a patent application prior to implementation, when there is less risk of public disclosure. When there is a need for disclosure of confidential information before a patent application has been filed, such as when presenting an invention to potential investors, having a strong confidentiality agreement in place *before any disclosure* is critical. Even after a patent application is filed, a confidentiality agreement may help to preserve the confidential nature of the invention, thereby preventing third parties from developing and commercializing the invention prior to the owner.

In the U.S., patent rights are forfeited if a patent application is not filed within a one-year grace period from the date of first publication, public use, sale, or offer for sale of the invention. Many other **countries** are less forgiving and will not allow a patent on any invention that was publicly disclosed before filing the patent application. A confidentiality agreement places an obligation on the recipient to maintain the information in confidence, thereby potentially preserving the owner's ability to file a patent application prior to any publication, public use or sale of the invention.

**Q** *How can a confidentiality agreement help to protect my trade secrets?*

**A** Proprietary information, in the nature of **trade secrets** and knowhow, provides a business advantage over competitors. It is important to protect proprietary information from reaching your competitors, the media, and the general public to maintain your competitive advantage.

For such information to be legally protected as a trade secret, the information must be secret (not generally known); valuable; and subject to reasonable efforts to safeguard and maintain its secrecy.

Confidentiality agreements help establish that these "reasonable efforts" are made.

**Examples of proprietary information that would be important to protect include:**

- Scientific, technical, engineering data and results;
- Engineering drawings and designs;
- Specifications;
- Customer and supplier lists;
- Processes and production methods;
- Equipment;
- Recipes;
- Unpublished patent applications; and
- Business operation and financial information.



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**Q** *If I have signed a confidentiality agreement and received confidential information, what are my obligations and how long am I beholden to this agreement?*

- A** Recipients of confidential information, under a one-way agreement, are required to:
- Preserve the confidentiality of the materials received;
  - Use the information solely for the agreed upon purpose;
  - Not make disclosures of the confidential information to anyone beyond those with a need to know the material; and
  - Limit access to the confidential information.

The term of confidentiality agreements typically includes two time periods: first defining a time limit for one or both parties to exchange confidential information, usually running from the effective date; and second defining the period of the confidentiality obligation on the recipient(s) that may run concurrently with the agreement term or continue after the expiration of the agreement. In situations involving disclosure of confidential information protectable as trade secrets, the obligation of confidentiality on the receiving party should be indefinite (without time limit) or until the trade secret becomes available to the public. Limiting the confidentiality obligation to a shorter period opens the trade secret up to potential public disclosure and an inevitable loss of rights.

There may be provisions within some agreements that allow for limited disclosure of information or the option to license the information, but it is up to the discloser to determine whether certain provisions are included in a particular agreement.

**Q** *What happens if a former employee violates a confidentiality agreement?*

- A** A best practice is to have employees who are in a position to conceive and develop inventions for the company to have employment agreements that obligate them to assign **inventorship** rights to the company. In addition to a confidentiality provision, the employment agreement may include a non-compete provision, especially for employees who are critical in the development of new products for the company.

While the law may vary depending on your state, most jurisdictions consider confidentiality agreements to be enforceable as long as they are written and executed properly. Some states prohibit or limit non-compete provisions. If you have a signed confidentiality agreement with someone who discloses your confidential information without authorization, you can ask a court to order the violator to stop making any further disclosures. You can also file a lawsuit for monetary damages for all losses related to the breach of the confidentiality agreement.

*"While the law may vary depending on your state, most jurisdictions consider confidentiality agreements to be enforceable as long as they are written and executed properly."*

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# LICENSING AGREEMENTS

**A patent license is an agreement between a first party who has rights in a patent (licensor) and another party (licensee),** e.g. a person or a company that wants to use or benefit from the patent rights. A license provides some interest in the patent(s) from the licensor to the licensee.

**Q** *What is the difference between non-exclusive and exclusive licenses?*

**A** A non-exclusive license may not allow the **patent** owner to sub-license the patent to others, whereas, an exclusive license may require a single licensee to take on the obligation of policing the patent rights and, potentially, managing sub-licensees. But be careful! Although titled “exclusive license,” a license that fails to convey “all substantial rights” in a patent may require the participation of the licensor in any infringement disputes. All patent owners must agree to an exclusive license whereas only one patent owner needs to agree to grant a non-exclusive license.

**Q** *Which parties are liable to litigation under a license agreement?*

**A** License agreements should always clarify who has the right to sue for infringement of the rights being licensed. The right to sue for damages is typically granted under an exclusive license agreement. When the licensee is given the right to sue for infringement, it is also important to make sure that the licensor is obligated to assist in such lawsuits, which usually require the participation of inventors and original owners of the patent(s).

**Q Who can assign rights under a license agreement?**

**A** Licensors should carefully consider the conditions under which a licensee may assign their rights in the agreement. In the absence of any expressed provisions, license agreements are typically freely assignable by either party. But this default rule may be superseded by a properly worded assignment clause. Assignment clauses should cover such eventualities as a sale, a merger, or insolvency, as well as a deliberate assignment of the licensed rights.

**Q Do I want to license the patent or the product?**

**A** Another key consideration in any license agreement is the decision whether to license “patents” or specific products. Where specific patents are licensed, the licensee may still be vulnerable to other patents owned by the licensor. Where specific products are licensed, any relevant patents owned by the licensee are deemed to be included in the license. However, new or modified products may not fall under the scope of the license.

**Q Do I need to have a written license agreement?**

**A** Not all licenses require a written agreement. Some will be implied by law. For example, under the “first sale” doctrine, a patent license will be implied when a patent owner sells a product covered by the patent under circumstances that “plainly indicate that the grant of a license should be inferred.” This protects customers from unfair infringement lawsuits.

**Q What should be included in a licensing agreement?**

**A** The rights given by the agreement generally need to be such that the licensees are interested in the deal, but you do not give away permanent unrestricted control over your asset. There are some terms and factors to consider when drafting your agreement.

**Q Can a license agreement be used as a defense?**

**A** It is important to control the transfer or sub-licensing of any rights granted under a patent license agreement. The existence of a valid license agreement may be a complete defense to a claim of infringement and unwitting patent owners may sometimes grant rights to parent companies, subsidiaries, or affiliated companies unintentionally by failing to scrutinize

**You can define the license scope by defining the following:**

- *the possible use of the licensed invention (such as non-commercial use only),*
- *the term (such as for a period of one year),*
- *rights to modify the licensed invention,*
- *limitations on licensor’s liability, support services, non-disclosure of confidential information, indemnity for infringement, enforcement of remedies, or contract termination rights.*



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assignment and sub-licensing clauses in their license agreements.

**Q** *What is licensee estoppel?*

**A** Sometimes licensors seek to preclude licensees from challenging the validity of the patent rights as a condition of licensing. In some circumstances this practice may no longer be permitted.

**Q** *What is “marking”?*

**A** Licensors should pay particular attention to patent “marking” requirements in patent license agreements. Under the law, patent owners are required to mark any products covered by the licensed patent(s) with the patent number(s). These marking requirements apply equally when a licensee makes a covered product pursuant to a license agreement; this often presents challenges when crafting a license agreement in the context of litigation settlement.

**Q** *How is a license agreement terminated?*

**A** Always be mindful of termination clauses in patent license agreements. Sometimes patent families can last longer than expected due to patent term adjustment, foreign rights, or continuation applications. Clear termination clauses (such as defining the termination date, termination conditions, territory, and exact rights to be terminated) can resolve any potential disputes at the outset of the agreement.

**Q** *Are there alternatives to litigation?*

**A** Patent disputes can be expensive, and when a patent license agreement breaks down, the resulting litigation may look a lot like a patent infringement dispute. Take the opportunity in your license agreements to find ways to reduce costs and fees for dispute resolution ahead of time. If possible, agree in advance to a forum. Consider including an attorneys’ fees provision. Finally, consider alternative dispute resolution options, such as binding arbitration, minitrial, or mediation.

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## INTER PARTES REVIEW

**Inter partes** review, also known as IPR, is an administrative procedure in the United States Patent and Trademark Office for challenging the validity of a patent. IPR was created as part of the 2011 Leahy-Smith America Invents Act as an alternative to raising some patent validity challenges in U.S. district courts.

### **Q How does someone challenge a patent in IPR?**

**A** A party (including an entity such as a corporation) challenges a **patent** in IPR by filing a petition for *inter partes* review with the Patent Trial and Appeal Board (PTAB), a board of administrative law judges within the U.S. Patent & Trademark Office (USPTO). The petition must identify every claim the petitioner is challenging, every ground of patent invalidity the petitioner wants to raise for every claim, and all of the evidence the petitioner has to support each ground. Filing a petition also requires the payment of a fee set by the USPTO.

### **Q Who can challenge a patent in IPR?**

**A** Any person, including corporations but not the U.S. government, can petition for IPR of a U.S. patent. Except, anyone who has been sued for patent infringement can only petition for IPR within one year after they have been served with a complaint. It is important for people who have recently been sued for patent infringement to consider whether or not IPR is right for them as early as possible after they have been sued.

### **Q Does a person have to be sued before they can petition for IPR?**

**A** No. A person can petition for IPR if they have not yet been sued, or even if they are at no risk of ever being sued for patent infringement.

**Q Why would a person consider IPR if they can make the same arguments in court?**

**A** The burden of proof for invalidating a patent is lower in IPR relative to district courts. A claim in IPR will be invalidated if the challenger proves it is unpatentable by a *preponderance of the evidence*. Preponderance of the evidence means the patent is more likely invalid than not. The burden of proof is higher in district courts because courts presume that the USPTO did its job correctly when it issued a patent. A patent challenged in district court will only be invalidated based on *clear and convincing evidence*. Clear and convincing evidence means proof that the patent is substantially more likely to be invalid than not.

**Q Are there limitations to filing for IPR compared to challenging validity of a patent in court?**

**A** IPR is more limited than the courts in terms of the evidence that can be presented. A petitioner can only challenge a claim in IPR by arguing that it is anticipated or obvious over

*“The lower burden of proof can make it easier to invalidate a patent in IPR compared to litigation...Where a petitioner has good reason to believe that a patent is invalid, it is usually in their interest to petition for IPR.”*

the prior art. And PTAB will only consider prior art evidence in the form of patents and printed publications. In district courts, an accused infringer can challenge the patent under any ground recognized by law, including grounds that attack the sufficiency of the specification, or that allege that the patent claims things that could never be entitled to patent protection.

**Q Are there any advantages to IPR for petitioners?**

**A** Yes. The lower burden of proof can make it easier to invalidate a patent in IPR compared to litigation. The PTAB may also have a better understanding of patent law and many types of technology than some district court judges, which can be advantageous to challengers of weak patents. IPR can also cost significantly less than litigation in court. And, because IPR is solely focused on the validity of the challenged patent, whether or not the petitioner infringes the patent is not something the PTAB can consider. Where a petitioner has good reason to believe that a patent is invalid, it is usually in their interest to petition for IPR.

**Q Are there any advantages to IPR for patent owners?**

**A** IPR provides some advantages to patent owners. The patent owner can try to amend their claims once in IPR, which cannot be done at all in litigation. The PTAB may also have a better understanding of patent law and many types of technology than some district court judges, which can be advantageous to the owners of strong patents. A final written decision in favor of the patent owner in IPR will also prevent



the petitioner from making the same arguments to a district court. However, it is usually in the patent owner's interest to not find itself in IPR under most circumstances.

**Q What can a patent owner do to avoid IPR?**

**A** The best way for a patent owner to avoid IPR is to have a strong patent that is not invalid over the prior art. If a petition for IPR has been filed against a patent, a patent owner may be able to avoid having the PTAB institute review by filing a strong *preliminary response* to the petition. Because the PTAB has discretion to refuse even meritorious IPR petitions, a patent owner should carefully weigh the factors the PTAB relies on in exercising that discretion. In general, the more advanced district court litigation is by the time a petition is filed, the less likely a judge is to *stay*, or pause, litigation in court in favor of IPR, and the weaker the arguments in the petition are for invalidating the patent, the less likely it will be for the PTAB to institute IPR.

**Q Is there any risk to a defendant in district court litigation if the defendant petitions for IPR?**

**A** There is some risk. Congress did not want IPR to simply be a second opportunity for defendants who have challenged the validity of a patent in district court. If the PTAB issues a final written decision that does not invalidate a patent claim, then the petitioner is barred from challenging that same claim in district court litigation on any ground that reasonably could have been raised in IPR. A party can mitigate their risk by arguing grounds of invalidity in the litigation that could not have been raised in IPR.

**Q Is there any risk to patent owners in IPR?**

**A** Yes. A final written decision against the patent owner in IPR can invalidate a challenged patent claim, or even all the claims of a patent. Subject to any right to appeal, a patent that is invalidated by the PTAB will be invalid for all purposes. It cannot be asserted against any alleged infringer again.

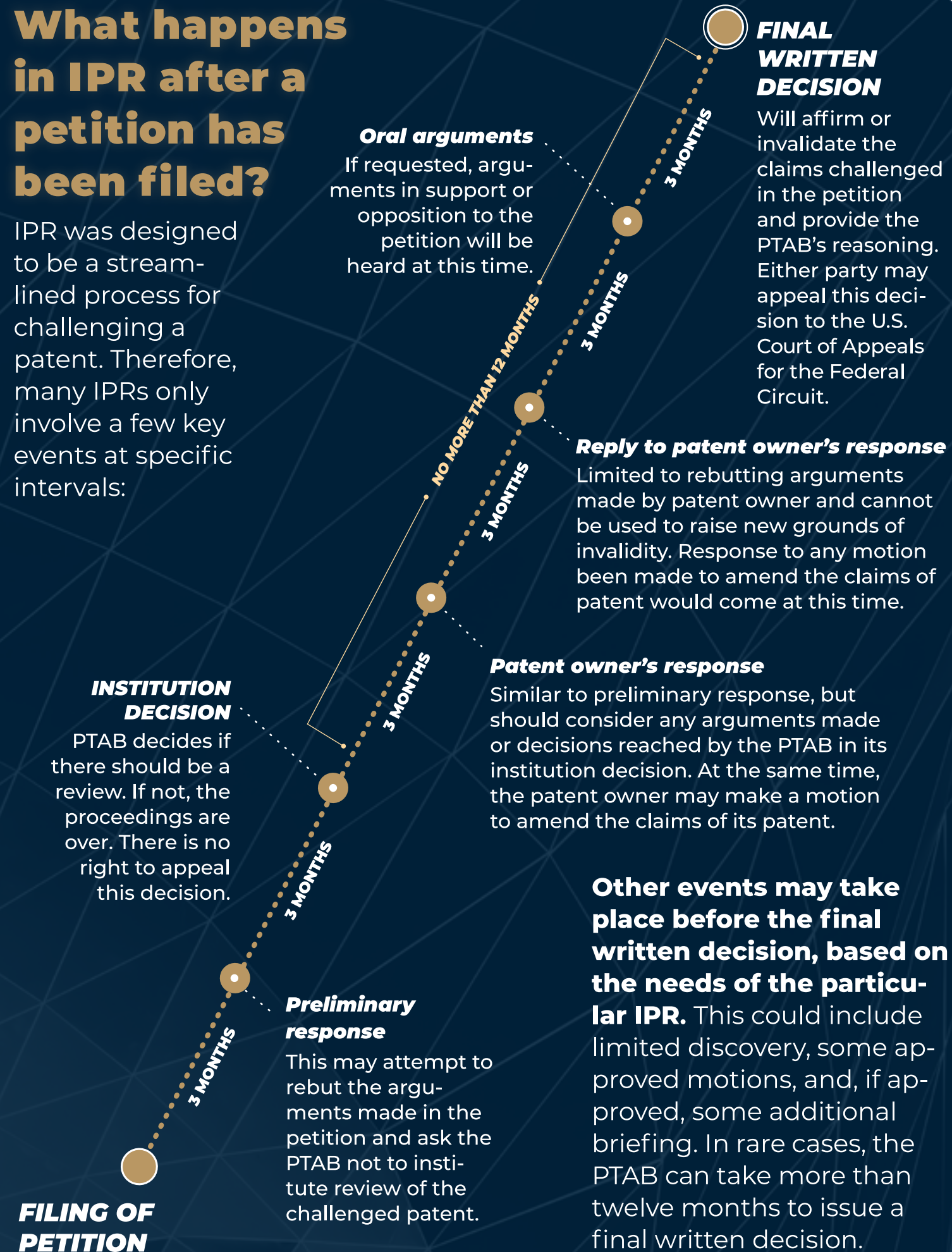
**Q How expensive is IPR compared to district court litigation?**

**A** IPR was designed to be a less expensive alternative to district court litigation. Under normal circumstances, IPR may only cost a small fraction of what it would cost to litigate a patent infringement case through trial. However, the costs of IPR are front-loaded for petitioners. The petition must contain complete arguments, with full evidentiary support, which requires a large investment of time and energy that might otherwise be developed over a longer period in litigation. The fee for filing a petition also costs many thousands of dollars. Although, a portion of the filing fee can be refunded if the petition is denied.

*“Neither party can appeal the PTAB’s institution decision, or any decision that is closely related to the institution decision.”*

# What happens in IPR after a petition has been filed?

IPR was designed to be a streamlined process for challenging a patent. Therefore, many IPRs only involve a few key events at specific intervals:



## Q What happens to a district court case if the defendant petitions for IPR?

A IPR and district court litigation are allowed to proceed in parallel. District courts are not required to stop or pause a litigation just because a petition has been filed, or because the PTAB has decided to institute review. However, some courts are willing to *stay*, or pause, litigation if it seems likely that the IPR has the possibility of narrowing the issues being litigated, or resolving the dispute entirely.

## Q Are there limits to the number of patents or claims that can be challenged in IPR?

A A single petition for IPR can only challenge the validity of a single patent. There is no statutory limit to the number of claims of a patent that can be challenged in a single petition. However, because the PTAB limits the length of petitions, and requires the petitioner to make fully supported arguments, there may be a practical limit to the number of claims that can be effectively challenged in a single petition. A petitioner may file multiple petitions against multiple patents. Or it can file multiple petitions against a single patent.

**Q Under what circumstances will the PTAB institute IPR?**

**A** The PTAB is allowed to institute IPR if it determines that there is a *reasonable likelihood* that the petitioner would show that at least one of the claims it has challenged would be unpatentable. A reasonable likelihood is a lower standard than *preponderance of the evidence*, but still requires a significant amount of proof.

**Q Under what circumstances will the PTAB refuse to institute IPR?**

**A** The PTAB's authority to institute IPR is discretionary, meaning it is never required to institute IPR even for petitions that meet the legal criteria for institution. The PTAB will exercise its discretionary authority to deny petitions for several reasons. If related district court litigation is very advanced, and concerns the same parties and the same issues, or if the petition meets the bare legal threshold for institution but is not very strong, then the PTAB may deny the petition. The PTAB will always deny a petition for IPR if it fails to meet the *reasonable likelihood* burden of proving that at least one challenged claim is unpatentable.

*"The PTAB's authority to institute IPR is discretionary, meaning it is never required to institute IPR even for petitions that meet the legal criteria for institution."*

**Q How can a patent owner amend its claims in IPR?**

**A** A patent owner can attempt to amend its claims by filing a motion at the time it files its patent owner's response to the petition. Any proposed amendment must be narrower in scope than the unamended claims. Amended claims also cannot introduce *new matter*, meaning any amended claim must be fully supported by the written description of the originally-filed patent. The amendment must also be related to the challenges raised against the patent in the petition for review. And the patent owner must prove that the amended claims would be patentable over the prior art.

**Q Can a patent owner get damages or an injunction if they win an IPR?**

**A** No. IPR is solely focused on adjudicating the validity of the challenged patent. A petitioner cannot be found liable for infringement through IPR, and the patent owner cannot receive money damages or an injunction.

In certain circumstances, if the patent owner goes on to win any related district court litigation, and the judge of that case decides to award the patent owner its attorneys' fees, the court may consider the fees spent by the patent owner in IPR as part of that award. The award of attorneys' fees in patent litigation is reserved only for exceptional cases, and should never be presumed.



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**Q Can a petitioner get damages or an injunction if they win an IPR?**

**A** No. IPR is solely focused on adjudicating the validity of the challenged patent. A victorious petitioner can invalidate some or all of the challenged patent and may obtain the benefit of avoiding some litigation costs and reducing or eliminating the risk of being found liable for infringing the challenged patent. But, the PTAB does not have the authority to grant other relief.

In certain circumstances, if the petitioner goes on to win any related district court litigation, and the judge of that case decides to award the petitioner its attorneys' fees, the court may consider the fees spent by the petitioner in IPR as part of that award. The award of attorneys' fees in patent litigation is reserved only for exceptional cases, and should never be presumed.

**Q If a party is unhappy with the PTAB's institution decision, can they appeal?**

**A** No. Neither party can appeal the PTAB's institution decision, or any decision that is closely related to the institution decision.

**Q If a party is unhappy with the PTAB's final written decision, can they appeal?**

**A** Yes. A party may appeal the PTAB's final written decision. The appeal is made to the Court of Appeals for the Federal Circuit, which is the court designated to hear all appeals of patent-related matters. The appeal of an IPR decision proceeds in much the same way as an appeal from a decision by a court in litigation.

**Q Can parties settle an IPR?**

**A** Yes, with certain caveats. If the parties in IPR agree to settle their dispute, the PTAB will terminate the petitioner from the proceedings. If there are no petitioners left, then the PTAB may terminate the IPR. However, the PTAB can choose to continue the IPR even without the participation of any petitioner. This is unusual, because the PTAB has limited time.

**Q Can a person participate in an IPR filed by another person?**

**A** There is a limited right for third parties to join an IPR filed by another petitioner that has already been instituted by the PTAB. *Joinder* is accomplished by filing a separate petition for IPR, along with a motion for joinder. Such a motion cannot be used to raise new issues that were not part of the original IPR.

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# INTERNATIONAL FILING

**International patent filing is an option for businesses looking to expand or solidify their global footprint while maintaining critical intellectual property protections.** However, it can be an expensive, complicated, and time sensitive endeavor. Decisions that are made early in the patent filing process can impact future filings and the trajectory of your business.

Companies should take a holistic view of their business operations and consider the global IP landscape when strategizing on how to file abroad.

## **Q Does every country have their own filing system?**

**A** Yes. Most countries have their own **patent** and **design** registration systems with individual timelines, rules, and laws. The filing process for most countries can be broken down into the following stages:

- Filing/Formalities
- Search & Examination
- Publication
- Grant

## **Q Do any countries work together?**

**A** Yes. International treaties such as the Patent Cooperation Treaty (PCT) and the Hague System for the International Registration of Industrial Designs (Hague), have been established to streamline some aspects of filing across jurisdictions.

Please see our Q&A on the **Patent Cooperation Treaty (PCT)** to learn more about that process.

**Q** *I know I need to file in multiple jurisdictions—where do I file first?*

**A** The answers to these questions will determine where you can file first and whether you need permission to do so:

- Where the inventive activity was performed;
- The citizenship of your **inventors** at the time of invention;
- The residency of your inventors at the time of invention; and
- The nationality of the applicant.

The first filing rules differ for each country. Some countries require first filing in their country and/or permission to file elsewhere based on residency of the inventors, the citizenship of the inventors, or where the inventive activity was performed.

For example, China requires foreign filing permission before an invention made in China is filed outside of China, regardless of the nationality or citizenship of the inventors. India requires foreign filing permission before an invention made by an Indian resident is filed outside of India, regardless of where the inventive activity occurred.

If your invention was a collaboration by inventors that are citizens or residents of different countries, it may be necessary to request permission from multiple countries and/or file in a specific country first to make sure all requirements are met.

**Q** *How do I know in which jurisdiction(s) to file?*

**A** *The decision of where to file is a business decision, taking into consideration:*

- *Budget*
- *Business location—not only your headquarters, but anywhere you are operating*
- *Current customers and potential markets*
- *Competitors, real and potential, including anywhere they have manufacturing operations or sales*

*It is important for an owner of the invention to perform a cost/benefit analysis of the cost of patent protection versus the benefits of filing in a particular jurisdiction. Another consideration is the potential for enforcement of intellectual property rights in any particular jurisdiction.*



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**Q** *Why do priority rights matter when filing internationally?*

**A** Most countries will grant a patent to the first person who files a patent application for a particular invention. Additionally, most countries will not allow you to patent an invention which has already been disclosed to the public. Therefore, ensuring the filing date of your application has *priority*, or predates, other applications and/or disclosures is important when determining when and where you may be able to file.

**Q** *My invention has been publicly disclosed. Can I still file?*

**A** Most likely not. In most countries, a previous public disclosure (intentional or not) is a bar, or barrier, to patentability. However, some countries may allow for a grace period, or a set amount of time, from the first public disclosure within which a patent application may still be filed. Any grace period allowed by a jurisdiction will start immediately upon the first disclosure. Accordingly, it is important to identify such disclosures as soon as possible.

**Q** *What are the different fees associated with international filing?*

**A** Each jurisdiction charges government defined fees for filing an application. Applicants are typically also subject to local agent fees. If you file in a non-English language country, translations of the application will be required. Translation costs will depend on the length of the application and the languages involved.

There are a variety of fees an applicant can expect after filing, such as:

- Periodic annuity fees which can vary depending on the country
- Local agent and governmental fees for responding to patent office actions
- Issue fee payments when the application is ready to grant.

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# PATENT COOPERATION TREATY (PCT)

Adopted in 1883 the Paris Convention for the Protection of Industrial Property was the first international agreement to align intellectual property protection across its member jurisdictions. The **Patent Cooperation Treaty (PCT)** is an international treaty established by various members of the Paris Convention.

The PCT is a mechanism that can be used to delay the process of filing **patent** applications in any of the more than 150 designated PCT member states. The filing date of a PCT application is used as the initial application, or priority date, for subsequent patent applications within any of the applicants' individually selected member states.

**Q** *Does filing a PCT application result in an international patent being granted?*

**A** No. A PCT application provides a placeholder filing date, used as the priority filing date, in the various member states. Further action will be needed by the applicant in the individual member states in which the applicant wants patent protection.

**Q** *What countries are included in the PCT?*

**A** A full listing of the member countries can be found on the World Intellectual Property Organization [website](#).

# What happens after I file the initial PCT application?

## FILING OF APPLICATION

*either priority or PCT application*



**Q** *Are there any limitations as to when can I file a PCT application?*

**A** A PCT application must be filed within twelve months from the filing date of a priority application.

**Q** *Who can file a PCT application?*

**A** The applicant must meet nationality or residency requirements of one of the PCT member states.

**Q** *Where can I file the PCT application?*

**A** The Receiving Office (RO) for the PCT application is determined by the nationality and/or residency of the applicant.

*“A PCT application must be filed within twelve months from the filing date of a priority application.”*



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**Q** *How much does it cost to file a PCT?*

**A** The cost of the PCT is variable depending on the size of the application and the chosen searching authority.

**Q** *Can I expect any further costs after filing the PCT?*

**A** Yes. There likely will be additional costs as your application advances throughout the PCT process such as governmental or agency fees.

**Q** *What is an International Searching Authority (ISA) and can I choose which one to use?*

**A** The ISA is a national patent office chosen by the applicant to perform the search on the invention.

There may be benefits to filing in one ISA over another such as cost and how subject matter is handled in different jurisdictions.

**Q** *What is the purpose of the International Search Report (ISR) and Written Opinion (WO)?*

**A** The ISR and WO can give you valuable insight into how your application may be treated in individual countries or regions. Any action in response to the ISR and WO is optional.

**Q** *What options does an applicant have for responding to an ISR and WO?*

**A** There are three options:

1. Submit claim amendments or comments in response to the ISR and WO.
2. Demand Chapter II Examination of the international application (Demand).
3. Take no action and defer amendments (if needed) until the national phase.

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# SOFTWARE PATENTS

**A patent gives the patent-holder the right to exclude others from making, using, offering, and selling the patented invention.** A software patent covers an invention implemented as software, which may include the algorithmic steps, executable code, and/or a hardware system that uses the software.

## **Q** *Is software patentable?*

**A** In the United States, many software-based **inventions** are patentable. However, certain kinds of software inventions—most notably those that improve on traditionally human activities, such as marketing and finance—face steeper hurdles than software relating to inherently computer-based technology. Many other countries also allow software-based inventions to be patented to some extent, subject to their own restrictions and requirements.

## **Q** *What makes software patents unique?*

**A** Because of their proximity to mathematical concepts and what the patent office considers “abstract ideas,” some software-based inventions are not considered **patent-eligible subject matter**. In recent years, the viability of software patents has been under considerable scrutiny in the United States, including several notable federal court decisions that have made software-based inventions more challenging to patent than many other kinds of inventions. However, the United States Patent and Trademark Office (USPTO) has instituted guidance that provides a path to patentability for a wide range of software-based inventions. To satisfy those guidelines and show that a software-based invention is patent-eligible, a patent application for a software-based invention must include certain types of information that are not required in other kinds of patent applications.

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**Q** *How much detail is needed to patent a software invention?*

**A** A patent application needs to include enough information that somebody of ordinary skill in the relevant technical field would be able to implement the invention. For software inventions, it is not necessary to include source code. However, the description should include any key functional modules, along with algorithms for each module that go beyond merely inputs and outputs. The patent application needs to describe, in at least some detail, how each module produces the outputs from the inputs. There have been cases where failure to describe the algorithms inside of software modules have resulted in patents being deemed unenforceable. In general, it is best to provide your patent practitioner with as much detail as possible—including whitepapers, flowcharts, architectural diagrams, etc.—so they can incorporate the necessary level of detail in the patent application.

**Q** *My software is already live. Can I still patent it?*

**A** Going live with software counts as a public disclosure for patentability purposes. In the United States, there is a one-year grace period from the date of the first public disclosure until you are barred from obtaining a patent on what was disclosed. During that time, there is a risk that somebody

could beat you to filing a patent application for the same technology, so best practice generally is to file a patent application before going live—or, if already live, as soon as possible within the one-year grace period. However, it may no longer be possible to patent the software in countries where any public disclosure whatsoever precludes filing a patent application.

**Q** *Does my software need to be implemented to file a patent application?*

**A** No. A software-based invention does not need to be implemented to file a patent application. In fact, it is often better to file a patent application well before the software is implemented. Testing activities, including minimum viable product (MVP) and beta testing, could result in inadvertent public disclosures that jeopardize patent rights. You may file a patent application even if you are not sure whether you will ever actually implement the invention.

*"In general, it is best to provide your patent practitioner with as much detail as possible—including whitepapers, flowcharts, architectural diagrams, etc.—so they can incorporate the necessary level of detail in the patent application."*



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**Q** *When can I approach prospective investors or customers?*

**A** Ideally, the best time to approach prospective investors or customers is after a patent application has been filed, when there is no risk of inadvertently forfeiting patent rights as to what is described in the patent application. In some cases, it makes sense to file a provisional patent application first, providing up to a year to see which features are the most commercially valuable and focus a non-provisional application accordingly. If pre-filing discussions with prospective investors or customers are unavoidable, a carefully drafted **NDA**—if all parties are willing to sign—can help preserve patent rights in the meantime.

**Q** *How can I test my software without forfeiting patent rights?*

**A** The best way to preserve patent rights is to get a patent application on file before making the software available to anybody outside the company. If that is not possible, then all testing should be done under NDA, to help prevent the testing from being considered a public disclosure of the invention. However, an NDA may not be sufficient in all cases. For example, a customer involved in beta testing may sign an NDA but then make the beta product available to downstream end users who did not sign the NDA, resulting in a public disclosure.

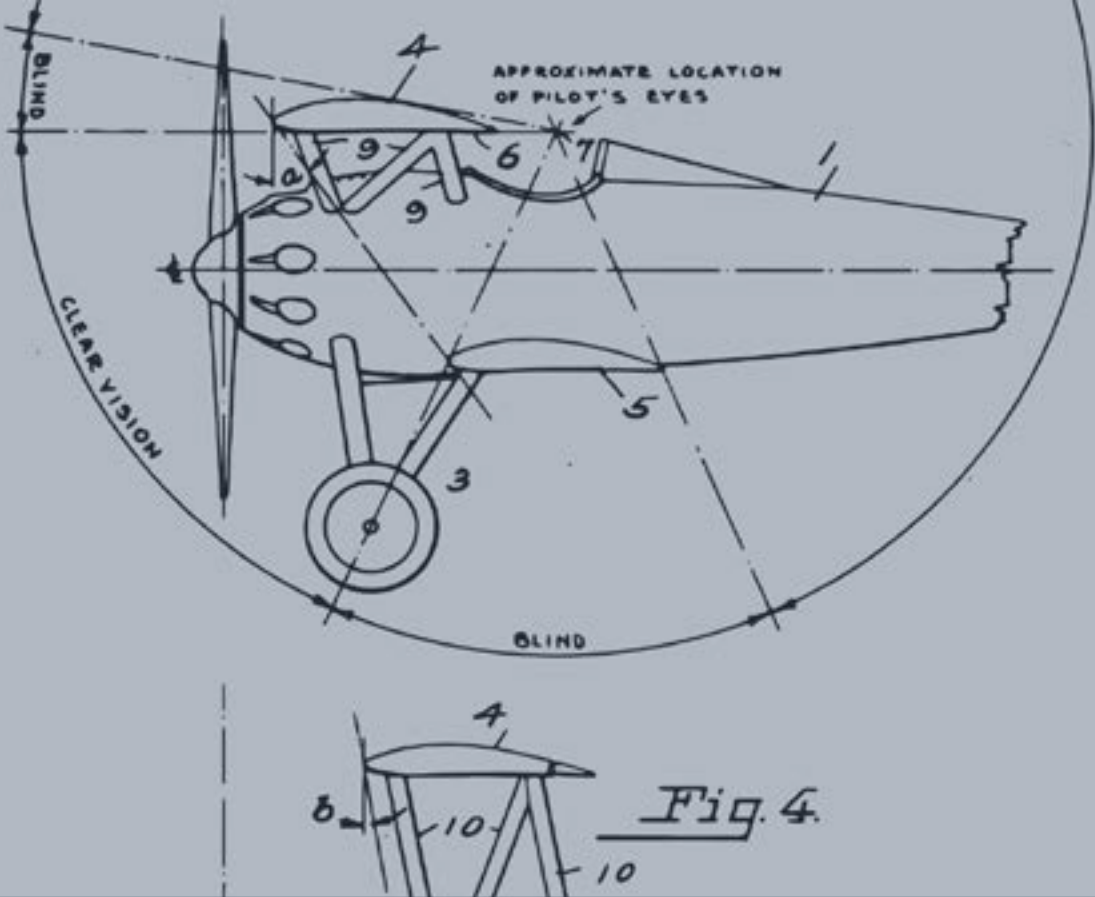
**Q** *Can I discuss my invention at a conference?*

**A** Discussing your invention at a conference (or any other public location) qualifies as a public disclosure that starts the one-year grace period in the United States and could completely bar patenting in some other countries. Even submitting an abstract can qualify as a public disclosure, depending on how much detail is included in the submission. Public disclosure also increases the risk that somebody who learns of your invention could beat you to filing a patent application.

**Q** *How are software patents different from copyrights?*

**A** A patent protects an invention, which is generally broader than any specific implementation. **Copyright** protects the specific expression of an idea, but not the idea itself. For example, a copyright on source code means others cannot legally copy that code, but does not prevent somebody from independently developing a competing product. A patent grants the right to block competitors from developing their own versions of the patented invention.

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# PATENT CLAIMS

An issued patent must conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the **invention**. The claims of an issued patent define the invention the patent owner has the right to exclude others from making, selling, using, or importing.

## Q What kind of inventions can patent claims cover?

- A There are three types of **patents** with fundamentally different types of claims.
1. **Utility patents**: one may claim “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.”
  2. **Design patents**: claims cover ornamental designs of an object, for example, a design of a fabric pattern or a user interface of a computing device.
  3. **Plant patents**: new and distinct varieties of plants.

## Q At what point in the application process does one need to determine what is included in their claims?

A A patent application may be filed with only a single claim. One may amend the claims of a patent application or add new claims throughout prosecution of the patent application. Any new claims added must be directed to the same general invention as the existing claims after a Patent Examiner first issues an opinion on the patentability of the claims. Prior to the Patent Examiner issuing their first opinion, with few restrictions, one is generally free to amend or replace the claims of an application. As discussed below, many jurisdictions limit the number of claims that can be included in a patent application without having to pay a surcharge.

## Q Can I add new claims to my patent after it issues?

A Yes. After a patent issues one may request a **reissue** in which one may add or amend the claims of the issued patent. The added claims may, under certain circumstances and within two years of the issuance of the patent, be broader than the originally issued claims. There is a risk to this procedure as one must surrender the existing patent and the amended or new claims will be examined by the Patent Examiner and may possibly be objected to and/or rejected.

**Q How are utility patent claims structured?**

**A** Utility patent claims include a preamble that describes the general nature or class of the claimed invention. A preamble may be as simple as: “An apparatus . . .” or “A method . . .” The preamble is followed by a transitional phrase, typically “comprising,” “consisting of,” or “consisting essentially of.” The choice of transitional phrase determines the scope of the claimed invention defined by the elements. The transitional phrase “comprising” means that the claimed **invention** includes *at least* the recited elements *and may also* include other features. The phrase “consisting of” means the claimed invention includes *only* the recited elements. The phrase “consisting essentially of” means the claimed invention includes the recited elements *and excludes* additional elements that would “materially affect the basic and novel characteristic(s) of the claimed invention.”

**Q Are there any exceptions to what you can claim in a utility patent?**

**A** Yes. You cannot claim a biological component such as an organ, an abstract idea such as a mathematical formula, a law of nature, or even a computer program *per se*. Some **software inventions** may be patentable if they meet certain requirements, such as controlling some physical system or improving the functioning of a computer itself.

**Q Why would one want a claim to be as general as possible?**

**A** Ideally a patent claim includes only what is necessary to render the claimed invention novel and inventive. This way, the claim can be used to protect not only one particular commercial embodiment of an invention, but other embodiments as well. For example, if a claim describes an apparatus as having a “power supply,” this claim may encompass versions of the apparatus including any

of a battery, an ultracapacitor, a solar panel, or even a flywheel as the power supply, as long as these different options are described in the body of the patent application. Claims may include language such as “means for” accomplishing a particular objective. These claims are interpreted to include any mechanism for achieving the claimed objective described in the specification, and equivalents thereof, but no other mechanisms for achieving the objective.

**Q What are independent and dependent claims?**

**A** An independent claim stands on its own and defines the claimed invention most generally. A dependent claim may be used to claim the invention more specifically by adding a further limitation. A dependent claim may also be used to more specifically define one or more of the elements of the claim from which it depends. Dependent claims can depend from independent claims, other dependent claims, or even multiple claims, however, in the United States, claims that depend from multiple claims cannot depend from another claim that depends from multiple claims. A claim in dependent form is considered to incorporate by reference all the limitations of the claim to which it refers. Dependent claims are useful, for example, in litigation where a party might argue that the independent claims of a patent are invalid and unenforceable. If a court determines that an independent claim is invalid, a dependent claim describing an invention in more specific terms may still be considered valid and enforceable.

*“Ideally a patent claim includes only what is necessary to render the claimed invention novel and inventive.”*



**Q How many claims should there be in a patent?**

**A** A patent should have enough claims to describe a commercial embodiment of a particular invention, as well as feasible variations of the commercial embodiment, to prevent competitors from designing around the commercial embodiment by using one of these variations. Cost may be a consideration when determining how many claims to include in a patent application. In the United States Patent and Trademark Office (USPTO), one is allowed three independent claims and a total of 20 claims without surcharge above the basic application filing fees. Additional claims require additional fees. In other jurisdictions the number of claims permitted for the basic filing fee and the surcharge for extra claims differ. In the European Patent Office (EPO), for example, an applicant is generally limited to one independent apparatus claim and one independent method claim and 15 total claims. Excess claim fees in the EPO are far costlier than in the USPTO.

**Q Can I claim more than one invention in a single patent?**

**A** No. A patent may issue for only a single invention, although the claims may describe the invention at various degrees of specificity. In some instances, for example, one may seek to claim both a product and method of making the product, and the USPTO may require the applicant to choose one of the product or the method. In this instance, one may seek to obtain a patent for the unelected category of invention in a divisional patent application.

*Why do patent claims tend to be very long and often grammatically incorrect?*

*By law, patent claims must be a single sentence.*

**Q Why do patent claims tend to be very long and often grammatically incorrect?**

**A** By law, patent claims must be a single sentence. If a claimed invention has several features, this may make the claim seem like a run-on sentence. Patent attorneys try to word patent claims to be as general as possible while still defining a novel invention. This may lead to a patent claim including terms that may seem vague. Further, a patent applicant can define their own terminology in a patent application, and if this terminology appears in a claim, it might not be clear what is meant unless one reads the definition of the terminology in the patent application.

**Q How do you claim an ornamental design?**

**A** Design patents include drawings of the design that is being claimed, applied to a particular type of object for which the design is intended. A design patent will include a single claim such as “The ornamental design for (the article which embodies the design or to which it is applied) as shown.” For a more in-depth look at this type of patent, please see our [Q&A on design patents](#).

**Q How do you claim a new variety of plant?**

**A** In a plant patent, the specification must contain as full and complete a disclosure as possible of the plant and the characteristics thereof that distinguish it from related known varieties, and its antecedents, and must particularly point out where and in what manner the variety of plant has been asexually reproduced. Plant patents have a single claim, such as “A new and distinct variety of (the plant), substantially as illustrated and described herein.”

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## DOMAIN NAMES

**A domain name, also known as a domain, is the internet address used by a web browser to access a corresponding website.** Well-known examples include google.com and wikipedia.org.

**Q** *Is it possible to stop someone from registering/using a domain name with my trademark in it?*

**A** Yes. You may be able to obtain (or cancel) the domain name if you can prove that the domain was registered *and* is being used in bad faith, and that the registrant has no legitimate interest in the domain. In particular, you may be able to file a complaint under the Uniform Domain Name Resolution Policy (UDRP), or by filing a cybersquatting lawsuit. Even if the domain does not incorporate your exact trademark, it may still be actionable if the domain is confusingly similar to your mark.

**Q** *Do I need to own a trademark registration in order to bring a UDRP proceeding?*

**A** No. While a federal trademark registration is sufficient evidence to prove in a UDRP proceeding that you own a valid **trademark**, you can still prove your rights to the mark by providing evidence of your sales and marketing efforts while using the trademark. These “common law” rights are enforceable and arise automatically when you begin using a trademark in commerce.

**Q What constitutes bad faith in a UDRP proceeding?**

**A** A number of factors are considered in determining whether a domain was registered and is being used in bad faith, including:

1. Attempting to impersonate another brand;
2. Registering a domain incorporating a brand name in order to direct traffic to that brand's competitors;
3. Providing false information when registering the domain; and
4. Registering a brand-related domain with the intent to sell it to the brand owner or its competitor for a profit.

**Q What can I do if someone has registered a domain incorporating my brand name to criticize my business?**

**A** It may be possible to take action against the domain and/or its owner if the content is false or misleading, suggests a legitimate affiliation with you or your company (such as by incorporating your logo), or is being done for a commercial purpose (such as to steer visitors to a competitor's website). If the claims made on the website (or in the domain) are true (or cannot be proven false), or are simply a statement of opinion, the registrant may be protected on the grounds of free speech. A legitimate parody or other social commentary may also be protected.

**Q What is a privacy service and what are the advantages and disadvantages to using one?**

**A** Typically, registering a domain name requires you to provide identifying information which is made public such as your name, address, and email address. A privacy service may be used for a small fee to register your domain name using an intermediary in order to conceal your real identity. While the advantages of this privacy are obvious, it is worth noting that using a privacy service (or worse, providing false information) may be viewed as evidence of bad faith in a UDRP proceeding.

**Q Does registering <mybrand>.com protect my brand name as a trademark?**

**A** Not necessarily. Registering a domain name does not by itself create any trademark rights. However, using your trademark for commerce—which includes in the content of a website—may create common law rights that protect your trademark.

*“Registering a domain name does not by itself create any trademark rights. However, using your trademark for commerce... may create common law rights that protect your trademark.”*



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**Q** *In what top-level domains (TLDs) should I consider buying a domain name?*

**A** While .com and .gov are among the more well-known, there are currently over a thousand top-level domains. Consider strategically buying domain names to use while operating or marketing your business. You may wish to buy country-specific domain names in countries where you operate (such as .co.uk in the United Kingdom, or .cn in China). Defensively buying domain names to prevent others from buying them may be beneficial in specific circumstances, but it is impossible and cost-prohibitive to buy every variation of your brand name.

**Q** *Is it beneficial to have multiple domains for my business?*

**A** Maybe. You may wish to have some secondary domains redirect to your main website to capture variations in how visitors find your site. (For example, secondary domains “newyorktimes.com” and “nyt.com” each redirect to the primary domain “nytimes.com.”) Or, you may want to register domains for particular country-TLDs where you operate and create country-or language-specific websites which would cater to your audience in that country or language.

**Q** *A domain registrar has written to say that someone is trying to register a domain name with my trademark but I can buy the domain first. Is this legitimate?*

**A** Usually not. Domain registrars generally do not research third-party trademark rights before registering a domain, so offers like this are typically solicitations intended to extract payment. Often, there is no third party trying to buy the domain. If such a domain is registered, it is best to monitor how it is used and consider bringing a UDRP action if necessary. And if the domain they are asking about is of interest to you, it can often be obtained through a reputable registrar.

**Q** *Can I register my full domain name as a trademark?*

**A** Possibly. If you use the full domain name in your marketing efforts, you may be able to register the full domain as a trademark. In a 2020 U.S. Supreme Court decision, the Court held that while the word “booking” was generic (and therefore not a trademark) for travel booking services, the domain name “booking.com” was *not* necessarily generic and could function as a trademark. Other trademarks registered since that decision include “sexyshoes.com” (for retail store services featuring “sexy footwear”) and “dunegear.com” (for off-roading vehicle accessories).

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# DATA PRIVACY

**Data privacy or information privacy is a branch of data security concerned with the proper handling of data—consent, notice, and regulatory obligations.** Practical data privacy concerns often revolve around whether or how data is shared with third parties, how data is legally collected or stored, and regulatory restrictions such as various privacy laws.

## **Q What are the basic components of data privacy?**

**A** Complying with data privacy requires the creation of a data security protocol to safeguard data collected and a privacy policy that sets forth practices in terms of the collection, use, and handling of users' personal data. Protocols and policies provide information and transparency for users regarding collection of personal data. Privacy policy agreements are mandatory for collecting data that can be used to identify an individual. There are several laws around the world which require a privacy policy in order to legally collect personal data.

## **Q What types of information are protected under privacy laws?**

**A** While the specifics of the various data privacy regimes vary, information that is considered personal data, or information relating to an identified or identifiable natural person, is typically protected under privacy laws. Personal data include but are not limited to:

- first and last name
- email address(es)
- contact number(s)
- shipping or billing address(es)
- Social Security number
- birthdate
- social media handle(s) or profile image(s)
- credit card information
- financial statements
- current location and travel data
- medical records
- IP address(es)
- genetic information

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**Q** *What kinds of data are not governed under privacy laws?*

**A** Most data privacy laws do not cover anonymous or deidentified data that cannot be traced to a particular person. “Deidentified” data is information that cannot be reasonably traced to a particular individual because the data that points to an individual has been removed. Care must be taken in anonymizing or deidentifying data to ensure that it is both properly deidentified and is not subject to re-identification.

**Q** *What countries have laws governing data privacy?*

**A** There are privacy laws in many countries throughout the world. The European Union, Canada, the United Kingdom, Australia, and Singapore all have national privacy laws with somewhat similar components.

**Q** *Does the United States have laws governing data privacy?*

**A** There is not one comprehensive federal law governing data privacy in the United States. Instead, there is a complex patchwork of sector-specific and medium-specific data privacy laws and regulations at the federal level addressing privacy policies in telecommunications, health information, credit information, financial institutions, and marketing.

The following federal laws include privacy provisions and should be considered when preparing your privacy policy:

- The Federal Trade Commission Act (15 USC § 41 et seq.);
- Children’s Online Privacy Protection Act (15 USC § 6501 et seq.);
- Health Insurance Portability and Accounting Act (HIPAA—P.L.104-191);
- The Gramm Leach Bliley Act (15 USC § 6802 et seq.); and
- The Fair Credit Reporting Act (15 USC § 1681).

**Q** *Do any states have comprehensive laws governing data privacy?*

**A** The United States has hundreds of data privacy and data security laws among its states, territories, and localities. As of 2021, twenty-five U.S. states have laws governing the collection, storage, safeguarding, disposal, and use of personal data collected from residents, especially regarding data breach notifications and the safe use of Social Security numbers. Some laws apply only to governmental entities, others to private entities, and some laws apply to both.

*"There is not one comprehensive federal law governing data privacy in the United States... instead there is a complex patchwork of...laws and regulations"*



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**Q** *Which jurisdiction has the most comprehensive privacy laws?*

**A** Internationally, the European Union’s General Data Protection Regulation (GDPR) that regulates the processing of personal data within the European Union is considered to be the most stringent and comprehensive. Within the United States, California’s CalOPPA and CCPA combine to form the most robust privacy regulations among the currently existing privacy laws. For companies dealing with medical information within the United States, additional consideration should be given to HIPAA and GINA requirements.

**Q** *What are the compliance requirements for sharing consumer data with a third party?*

**A** Most data privacy laws include procedures and restrictions on sharing consumer data with a third party such as notification and opt-in requirements and limitations on data processing. These procedures and restrictions apply to the selling of customer data, and also to the transfer of data to third parties for the purposes of storing information collected from customers in “the cloud” through a cloud storage provider, using a mail carrier to ship products, collecting online analytics or cookies, sharing a mailing list with an email marketing company, and more.

**Q** *How can my company ensure compliance with the privacy law requirements?*

**A** As a company, you should focus on creating a robust a data security protocol for internal use and a data privacy policy to be provided to consumers. Among the things to be considered are:

- taking stock of the types of personal information you are collecting from consumers and creating different level of security depending on the sensitivity of the data;
- scaling down the amount of data collected to only what is absolutely necessary to run your business, and keep the data only as long as you need it;
- developing physical and electronic security protocols to protect the data you collect and to limit access on a “need-to-know” basis;
- implementing a policy for safe and responsible information disposal; and
- creating a plan for responding to security incidents. Additionally, your data policy should be easily accessible and clearly spelled out for the consumer, and detail what data you collect and how that data is used, with clear instructions on how consumers can access and consent to the collection, sharing and use of such data.

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**Q** *How can my company ensure compliance with privacy law(s) while sharing data with third parties?*

**A** To ensure privacy law compliance, consider the following while developing a third-party data sharing policy:

- legitimacy (lawful basis for sharing data);
- benefit vs. risk;
- whether you have rights to share the information;
- safeguards governing the data transfer;
- developing sharing protocol and agreements; and
- keeping the shared data up-to-date and accurate.

**Q** *What are the potential penalties for failure to comply with a privacy law?*

**A** Failing to comply with the privacy policies and resulting data breach can lead to significant fines that vary on the degree of non-compliance and efforts to alleviate the damaging nature, and the gravity and duration of the violation once discovered.

The GDPR allows for fines of ten million Euros or two percent of the noncompliant firm's worldwide annual revenues, whichever is greater, for less severe infractions. These fines can be doubled for more serious infractions. Additionally, being embroiled in a data breach controversy can also erode trust among the customer base leading to loss of revenue.

California provides for fines up to \$7,500 for every record affected by the instance of noncompliance. In addition, the CCPA provides for a private cause of action for California residents whose personal information is exposed in connection with a data breach resulting from a company's failure to implement and maintain reasonable security practices and procedures. The greater of actual damages or statutory damages of up to \$750 per incident are permitted.

**Q** *What rights does a consumer have under the privacy laws?*

**A** Most data privacy laws require consent from the consumer before collecting and using personal data and require notification when a data breach occurs. Specific details vary among jurisdictions.

Under the GDPR, a consumer also has the right to be informed about the collection and use of their data once obtained, a right to access their data, and a right to demand deletion of their data or to restrict processing.

Under California law, consumers have the right to seek an easily accessible and understandable privacy policy and the right to non-discrimination (businesses are not allowed to discriminate against consumers who have used or exercised any of the privacy rights given to them by law).

**Q** *Are there any specific privacy law requirements to protect genetic data from a consumer?*

**A** Genetic information connected to personal identifiers is generated and used in a variety of contexts that may or may not be health-related such as clinical genetics, direct-to-consumer (DTC) testing, and forensics. A variety of laws govern the collection, use, and sharing of this highly sensitive type of data. Genetic data is covered by HIPAA, which prohibits use or disclosure of non-deidentified genetic data.

The Genetic Information and Nondiscrimination Act of 2008 (GINA) protects the genetic privacy of the public, including research participants, and prohibits health insurers or employers from requesting or requiring genetic information of an individual or of a family member and further prohibits the discriminatory use of such information.

The collection and use of genetic data for government-funded biomedical research containing human subjects in the U.S. is governed by the Common Rule, which sets forth disclosure and informed consent requirements for genomic research.

Additionally, there are various state laws governing genetic data, such as Florida's DNA Privacy Law and California's Genetic Information Privacy Act (GIPA) that govern the use of an individual's genetic data collected by direct-to-consumer genetic testing companies.

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