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IP Pitfalls in Talking With Others

This is the second part of a two-part series. The first part detailed several scenarios in which intellectual property rights problems can arise. The second part is about the basic laws that affect third-party disclosures and tips regarding such disclosures.

The overarching IP basics and general guidelines¹ operative relative to disclosures to (and by) third parties in the context of inventions are as follows:

▶ It goes without saying that rights in trade secrets and other confidential information (CI) can be lost by outright nonconfidential disclosures to third parties.

▶ Normally, if some information a third party learns of is not otherwise subject to some confidentiality restriction, or to some patent right, or where appropriate, the subject matter is not protected by copyright, or it is not otherwise known to be under any trade secret protection (and the information is legitimately acquired), that information is then free to be used by the third party without restriction. It is often said that ideas and information themselves do not care who knows or uses them.

▶ Under U.S. Patent law² any co-inventor, not otherwise subject to an assignment of rights or a suitable joint commercialization agreement being in place, is free to commercialize the joint invention without obtaining the consent of and accounting to any other



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joint inventor.

▶ Basically, a joint invention occurs when two or more persons collaborate to produce the invention through their aggregate efforts and at least one claim in a patent application is reflective of each inventor's inventive contribution. (Collaboration here is in the sense of joint efforts or working under common direction.)

▶ The true inventor contributed to the conception of the invention. Conception here is "the formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is thereafter to be applied in practice."³ This means that the invention must be so complete and definite that only ordinary skill would be necessary to reduce the invention to practice, which includes making a working prototype or example of the invention, without extensive research or experimentation.⁴ Thus, one who recognizes a problem is (normally) not considered an inventor. Rather, the party who conceives the solution to the problem is the true inventor.

▶ Generally, the party that conceives the ultimate overall solution, and controls the in-

vention's development process to successful testing (or preparation and filing of a patent application), is normally considered the inventor, as against any other who merely provides a general suggestion, or recites to the inventor the current status of the art, or provides an obvious element or well-known principle.

▶ An inventor "may use the services, ideas, and aid of others in the process of perfecting his invention without losing his right to a patent."⁵ However, such contribution or assistance from others does not give rise to joint inventorship unless it contributes to conception of the invention. For example, merely suggesting a technology or an existing, available device that may be useful in solving a problem does not contribute to conception unless the suggestion includes the specific improvement or insight that makes the overall invention new and distinct from what came before, allowing one of ordinary skill in that discipline to create the invention without employing any creativity or ingenuity of their own.⁶

▶ In conceiving the invention, the inventor may consider and adopt (or reject) outside ideas and materials from many sources, such as suggestions from a colleague, employee or hired consultant, as long as the inventor main-

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tains intellectual domination and control of the work of making the invention, including control over testing and development. Even if such suggestions or materials prove to be the key to the technical problem, that does not constitute inventorship and does not diminish the role of the person controlling the inventive process.⁷

▶ Many third-party contributions (especially when the outsider is not working in a collaborative relationship with the true innovator, i.e., primary inventor, or when the third party has no control over the direction and scope of the inventive efforts) may simply be noninventive. For example, the third party may supply a general suggestion, i.e., a general (or even specific) response to a general hypothetical question put to them, that doesn't contribute to the inventive process.

▶ One does not qualify as a joint inventor merely by assisting the actual inventor after conception of the invention has occurred.⁸ For example, contributing, rather than to the conception, but only to reducing the invention to practice (e.g., making a workable example of the invention) does not make one an inventor.

Tips for Third-Party Disclosure

The goal with third-party disclosures, whether in the biomass or biofuel area or otherwise, is to assure that any outside suggestions received, under all the circumstances, do not rise to the level of an inventive contribution necessary to establish co-inventorship with the inventor's ongoing efforts unless one is able to negotiate an assignment of resulting IP rights. Thus, there are general tips for making necessary limited disclosures of CI to persons and entities outside one's company.

Use confidential disclosure and invention rights agreements: Before making any disclosures to third parties from whom you seek assistance to solve a technical problem, appropriate agreements should be negotiated and signed. Examples of such agreements include confidential disclosure agreements (CDAs), joint research and development agreements, sponsored research agreements, joint commercialization agreements, feasibility agreements, engineering/repair/testing services agreements, material transfer agreements, consulting agreements, joint venture agreements, contract research agreements and manufacturing agreements. These agreements often prohibit the recipient from using company CI for any reason other than the purpose defined in the appropriate agreement, and often state that there is no express or implied license granted to the recipient to use or otherwise act on the CI or other intellectual or intangible property right being disclosed.

File provisional patent applications/undertake searches: To

the extent you have a completed invention, consider quickly preparing and filing a provisional patent application on what the in-house innovator currently knows, before ever making any disclosures to a third party. Perhaps also do quick technical information/prior art searches to seek as much information as possible about potential solutions to the technical problem at hand. Then consider including such search-derived solution information in the provisional application, before talking to any third parties. In doing so, the innovator's company will be better positioned relative to third parties. That is, the innovator's company has hopefully learned sufficient solution information in advance, and has a placeholder patent application on file regarding it, with priority as of an early date (*vis-à-vis* any similar patent application that might later be secretly filed by the third party, or useful against any later possible joint invention claim by such a third party). If the invention is not fully completed, then at a minimum have an internal memorandum documenting what is currently conceived and known by the innovator, and then witnessed as read and understood by two company employees who have signed and dated it, before making any third-party disclosures.

Dominate and control the invention/development/disclosure process: In situations where the innovator is developing an invention and needs to ask a third party for assistance or technical information, consider these controls to help best preserve IP rights:

- ▶ Conceive of, control and direct the overall inventive process.
- ▶ Oversee all research and development; decide how to proceed, what to test, what materials to select and use, what material percentages and ranges to use, etc.
- ▶ Control/direct the investigation into the state of the prior art and in seeking possible solutions to a given problem.
- ▶ Keep control over the entire disclosure situation. This can be achieved by revealing as little information and details as needed to inform a third party so they can consider and respond, maybe only a few generalities will suffice. (By limiting what information is provided to the third party, you can prevent them from having a complete conception of the invention.)
- ▶ Take care to not have situations where the innovator tells the third party too much about the reason behind why they are asking the technical questions in the first place. That might take the situation outside the context of an abstract question seeking a general answer, and more into the realm of joint inventorship. Thus, caution innovators to be careful in divulging too much information about what they are working on, or why they need the given answer, as that can sometimes lead to the third party later claiming co-inventorship rights. The goal is to maintain control over the confidential facts divulged and the reason

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for the inquiry, so as to best ensure that there is primarily a one-way flow of information, flowing only from the third party back to the innovator.

Establish Good Internal Policies

Maintain good internal policies at the innovator's company for recording how and when inventions are made. Encourage all inventors to comply with such policies via financial incentives. This can be done first through proper regular use of handwritten or electronic lab notebooks (inventor's notebooks). Second, also use appropriate record of invention forms. Both of these documents should be properly dated, signed, and countersigned by two witnesses for verification. These written invention records may become vital evidence of how and when a given concept originated. That is, such inventor documentation can help prove who conceived and did what, and when, regarding the invention, to help (hopefully) show that the innovator's invention was first conceived and reduced to practice at a point well before any invention by a third party.

Assess if there truly is a need to disclose secrets in the first place. Recall that the best way to keep a secret is not to tell anyone. Carefully choose the receiving party for your crown jewel CI to make sure they are trustworthy. Only disclose to those employees of the third party who have a need to know and who have agreed to be bound by the CDA. Mark all CI that will be disclosed in writing as confidential, and identify confidential oral or visual information at the time of disclosure, and review the CDA to see if there is an obligation to confirm such disclosure in writing within a certain time period.

Each company should have a thorough IP policy and a training program to educate its innovators that no company CI is to be disclosed outside the company unless there is a nondisclosure agreement in place. Many employees are not able to bind the company, or are not familiar with the potential legal issues of any form agreement. Therefore, ensure all employees are familiar with authorization and internal review requirements. Companies should also include a publication review process so that employees cannot write or present talks about internal inventions and ongoing research and development without first being vetted by management or IP counsel. Warn and periodically remind company employees to not disclose CI outside the company. For example, caution employees to be careful not to reveal company CI and trade secrets during trade shows, seminars, cocktail receptions and conferences. Request that employees and technical staff remember to check themselves whenever discussing current company efforts, so as not to unwittingly reveal company CI. Set up policies to prevent

unwanted early disclosure of unpublished (secret) company patent applications.

Conclusion

There are many reasons for biofuel and clean technology innovators to interface with third parties in solving a technical problem. There are obviously competing interests involved when disclosures are made for purposes of soliciting technical information and solutions to technical problems, especially where resulting IP rights are involved. One's perspective depends on where one is situated in the innovation chain, whether you are the innovator company, the company whose personnel are being asked to help solve problems, or a potential vendor, consultant or other outside entity. Take care in advance of any disclosures to third parties to properly preserve CI by contract, and to establish who owns any resulting inventions and other IP rights. You may need to obtain field-of-use licenses regarding pre-existing IP rights owned by third parties. Third-party disclosures need to be made to separate what belongs to the innovator's company and what may belong to any third party so that the innovator's rights to the invention are preserved as much as possible without being tainted by a third party. **BIO**

References:

1. Of course, these are given as general guidelines, as every disclosure situation is different. Further, inventorship (and co-inventorship) questions are heavily fact intensive, and can turn on various factors. A qualified IP counsel's assistance should be sought to address a given situation.
2. 35 U.S.C. §262.
3. See, *Singh v. Brake*, 317 F.3d 1334, at 1340 (Fed. Cir. 2002); see also, *Burroughs Wellcome Co. v. BonLabs., Inc.* 40 F.3d 1223, at 1227-1228 (Fed. Cir. 1994).
4. See, *Singh*, 317 F.3d at 1340; see also, *Ethicon, Inc. v. United States Surgical Corp.*, 135 F.3d 1456, 1460 (Fed. Cir. 1998), cert. denied, 525 U.S. 923 (1998); see also, *Burroughs*, 40 F.3d at 1228.
5. *Hess v. Advanced Cardiovascular Systems, Inc.*, 106 F.3d 976, 981 (Fed. Cir. 1997) (quoting *Shatterproof Glass Corp. v. Libbey Owens Ford Co.*, 758 F.2d 613, 624 (Fed. Cir. 1985)).
6. *Agawam Woolen Co. v. Jordan*, 74 U.S. 583, 602-03 (1869); see also *New England Braiding Co. v. A.W. Chesterton Co.*, 970 F.2d 878, 883 (Fed. Cir. 1992).
7. *Morse v. Porter*, 155 USPQ 280, 284 (Bd. Pat. Int. 1965).
8. See, *Ethicon*, 135 F.3d at 1460.

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