




# interactive dialogue

**Top Intellectual Property Issues Arising in the Employment Context**


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## a brave new format



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## why pick this topic?

- If I'm not a technology company, should I care about this?
- Can employment policies really impact intellectual property?



## what is “intellectual” property?

Types of Rights	Scope of Coverage	Examples
Patents	New and Useful Inventions	Products, Devices, Processes, Improvements, Designs
Trademarks	Identification of Source of Product or Service	Apple ®
Copyrights	Unique Expressions of Ideas	Instruction Manuals, Books, Packaging
Trade Secrets	Secret Information	Any Secret that Benefits Business: Non-public Processes, Business Plans, Databases, Customers

Software can also cut across these categories and be an important form of IP



## how is IP used?

- to attract investment
- to obtain competitive advantage
- collateral for financings
- as basis of a licensing program / royalty stream
- defensive tool against competitors
- sold as an asset just like real property



## what are some hiring considerations?

- what is the potential new employee bringing with them?
- will the company have sufficient ownership rights in IP created by the employee?



## tips in employment agreements?

- **Company to own IP developed by employee**
  - consider setting out the fields and businesses of employer
- **Identify previous IP created by employee**
  - Assign it to company? (e.g. founder)
  - Warrant that the technology won't be used by the employee at the company (e.g. competitor)
- **Prohibit execution of IP assignments with third parties without employer consent**
- **Address moral rights**
- **Obtain future assistance**



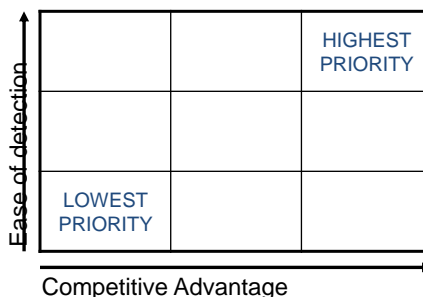
## what issues occur during employment?

- **ensuring that employees have appropriate IP sensitivities**
  - understanding trade secret material identification and procedures for maintaining secrecy
  - avoiding unnecessary exposure to the confidential information of others
  - aware of prohibitions on the import of others' IP
- **incentivizing creation and registration of IP**
- **maintain appropriate IP records**



## how can we incentivize IP creation?

- Educate employees
- Form IP committee including:
  - Representative from marketing or finance
  - Two technical representatives (e.g. one from research team, one from product team)
  - IP counsel
- Committee charged with:
  - Reviewing patent disclosures
  - Selecting for patenting, or providing feedback
  - Identifying trade secret information
  - Maintaining appropriate secrecy procedures
  - Authorizing public disclosures



## how can we incentivize patent creation?

- Disclosure award
  - Provided at time of disclosure submission to technical manager
  - Contingent on the manager's review for completeness
  - Recognizes effort in putting disclosure together / rewards innovative thought
- Filing award
  - Provided at time of patent application filing
  - Requires acceptance of disclosure by patent committee and cooperation by inventor(s) during drafting process
- Optional features
  - Further awards at time of patent issuance or subsequent related filings are difficult to track and administer
  - Institutional recognition – plaques, other memorabilia



## what are risks at the end of the relationship?

- **Need to consider IP contributed and accessed by the departing employee**
- **Does the company have all the rights needed?**
- **Is there a risk the departing employee could compromise IP?**
- **Monitor post-employment actions of employee**



## tips for sudden departures

- **require return of all materials**
- **maintain all electronic records as-is**
- **assess what employee may have taken**
- **evaluate next action**



who wants more credit? HRCI or CLE  
credit, that is



how do I learn more?

**interactive dialogue**

**10 Employment Law Essentials In California**

*Presented by:*

***Jessica Linehan, Dorsey & Whitney, Southern  
California  
Mike Droke, Dorsey & Whitney, Seattle and Palo  
Alto***

**January 12, 2016  
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This activity has been submitted for HRCI credit.

