



## Tips for Executing on Your IP Strategy with a Coronavirus Remote Workforce

To listen to the audio portion of the webinar, dial 800-536-9136; Access Code 4925490.

Materials and sign-in were attached in the webinar reminder email sent Thursday, March 26 from Events@Dorsey.com

To submit a question during the webinar, enter it into Chat and the presenters will respond as time permits.

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## A Changed World

- **COVID-19**
  - As of March 26 (3pm PT), 82K cases in the US (20% daily increase)
  - Desire to “flatten the curve”
- **People urged to work from home**
  - “Shelter in place;” “Stay at home;” “Hunker down”
  - 196 million people, 21 states, 37 counties, 16 cities (NYTimes, 3/25)
- **Drastic change for much of our workforce**
  
- **How does this impact IP Management?**



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## Topics

- **Managing Innovation with a Changed Workforce**
- **Foreign Filing Licenses – Global Collaboration**
- **Electronic Signatures – Remote Inventors and Executives**
- **Protecting Trade Secrets**



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## Innovation

- **When Cambridge University temporarily shut down in 1665 because of bubonic plague, Isaac Newton invented calculus and devised his law of gravitation while working from home**
- **Your team may be unlikely to make similar impact, BUT:**
  - **Strong incentives for medical innovations**
  - **Increased time for collaboration**
  - **Decreased friction for collaboration**
    - **Might literally be just as easy to collaborate with a colleague across the globe as a colleague who usually sits down the hall**



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## Managing Innovation in a Remote Workforce

- **Think Differently!**
- **How are your inventors and employees collaborating?**
- **Move your patent committees, patent reviews to them and their preferred collaborative tools**
- **Who has more time? Who has less?**
- **Consider targeted harvesting sessions**



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## Foreign Filing Licenses



### Global Collaboration: Foreign Filing Licenses

- **Many countries specify conditions under which a patent for an invention must be first filed in that country**
  - Nationals of the country
  - Residents of the country
  - Made in the country
  - Subject matter (e.g., national security)
- **If the specified country is not the desired country for filing, a ‘foreign filing license’ may often be obtained**
- **Distinct from export control concerns (beyond the scope of today)**

→ **Need to evaluate where to first file a patent application and/or request permission to first file in another jurisdiction**

## Many Countries Specify Conditions on 1st Filing

- China, United Kingdom, Germany, France, India, Italy, Armenia, Azerbaijan, Belarus, Belgium, Bulgaria, Cyprus, Denmark, Finland, Greece, Israel, Kazakhstan, Luxembourg, Malaysia, Norway, Portugal, the Republic of Korea, Russia, Spain, Sweden, Singapore, Turkey and Vietnam
- International filing stemming from these countries can be restricted if application is filed by **nationals** or **residents** of relevant jurisdiction, and/or if disclosed invention was **made** in relevant jurisdiction



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## Requirements Vary

- Factors to consider before choosing where to file first, and countries where they matter:
  - Are inventors **residents, nationals, or citizens**? Where is principal **place of business**?
    - Bulgaria, Denmark, Finland, India, Italy, Malaysia, Portugal, Singapore, South Korea, Turkey, UK, Vietnam, Belgium, Belarus, France, Greece, Israel, Norway, Sweden
  - Where did **inventive activity** take place?
    - Armenia, China, Cyprus, Kazakhstan, Norway, Spain, Sweden, Russia, US
  - Does application disclose **state secrets**?
    - Azerbaijan, Germany, Luxembourg
- [https://www.wipo.int/pct/en/texts/nat\\_sec.html](https://www.wipo.int/pct/en/texts/nat_sec.html)



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## What Is A Foreign Filing License?

- License granted by USPTO permitting applicant to file patent application for **US-made** invention in **another country**
- US-based foreign filing license can be obtained in 2 ways:
  - 1) Filing patent application first in US and waiting at least 6 months before filing abroad; or
  - 2) Filing petition with copy of disclosed subject matter (if foreign-first filing is desired)
    - Can be done retroactively
- PCT applications disclosing US-made inventions must be filed first with USPTO (not foreign receiving office)

## Puzzlers

- **Filing desired in Country A, but circumstances dictate Country B**
  - Request foreign filing license from B, file in A
  - File in B, wait appropriate amount of time, then file in A claiming priority to B
- **Co-Inventors of dual nationalities and residencies**
  - Country A specifies it must be the country of first filing
  - Country B specifies it must be the country of first filing
- **Request foreign filing license from A, file in B (or vice versa)**
- **Consider**
  - Length of time required to obtain foreign filing license
    - Days in the US
    - Weeks in some other countries?
  - Consequences of violation – invalidity in that country, fine, imprisonment?

## Electronic Signatures



## Signature Requirements

- **Most Patent Offices allow for electronic filing – practitioners may electronically sign filings**
- **Formal Documents are often still “wet” signed**
  - Inventor Declarations
  - Assignments
  - Powers of Attorney
- **“Wet” signing tip: FedEx or UPS “Hold” Centers**
- **How much can be done electronically? What risks remain?**

## Inventor Declaration: Non-Handwritten Alternatives Accepted By The USPTO

- **S-signature** (37 CFR 1.4(d)(2)), which is inserted between forward slash marks
- **/John Doe/** or “script font” */John J. Smith/*
  - Must only be letters, Arabic numerals, or both, with appropriate punctuation
  - Signer’s name must be:
    - Printed or typed below or adjacent the S-signature
    - Reasonably specific enough to identify signer
  - Signature inserted between slash marks must be made by signer (37 CFR 1.4(d)(2)(i))

## Does DocuSign Work?

- S-signature includes “**any** signature made by **electronic** or **mechanical** means, and any other mode of making or applying a signature **other than** a hand-written signature”
  - 37 CFR 1.4 (d)(2)
- Electronic filing programs such as DocuSign® and Adobe Sign can be used to obtain S-signatures
  - **Practice Tip:** Where S-signature is required, insert forward slashes before sending document to inventor(s) for signature



## What About Patent Assignments?

- Most commonly assign patent from inventor(s) to employer
  - Not evaluated by USPTO
- E-SIGN Act “allows the use of electronic records to satisfy any statute, regulation, or rule of law requiring such information be provided in writing, if the consumer has **affirmatively consented** to such use and has not withdrawn such consent.”
  - **Practice Tip:** For patent assignments, include language in assignment document stating that all parties agree to using electronic signatures

## Signature Requirements Vary Abroad

- Many countries have different requirements for signing legal documents
- Some of these countries may have temporarily changed or suspended usual requirements
- Signature requirements applicable to patent assignments may be more rigid than in US
- However, many countries will not require or examine assignment document for application which relies on priority US application

## Signature Requirements Vary Abroad: Examples

- “Qualified Electronic Signature” likely accepted in **EU** according to eIDAS Regulation, but member state implementation varies
  - **Practice Tip:** Obtain “wet” signatures if possible, maximize encryption/certification if not
  - **Practice Tip:** Electronic signature unlikely to be questioned by EPO
- eSignatures by inventors/applicants **not** accepted in **China**
  - Limited to CNIPA registrants
  - **Practice Tip:** Obtain “wet” signatures if possible; consider relying on eSignatures from priority US filing
- If filed with eSignatures, consider later obtaining confirmatory “wet” signatures



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## Protecting Trade Secrets



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## What Are Trade Secrets?

“Trade secret” means **information**, including formula, pattern, compilation, program, device, method, technique, or process that:

- (a) Derives **independent economic value**, actual or potential, **from not being generally known** to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and
- (b) Is the **subject of efforts that are reasonable** under the circumstances **to maintain its secrecy**

UTSA § 1(4); RCW 19.108.010



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## Trade Secrets Are Valuable Secrets

- Information that is generally known or readily ascertainable will **not qualify** as a trade secret
  - General skills/knowledge acquired during employment
  - Information disclosed in publications
- Courts consider a **variety of factors**, including:
  - Extent to which information is known inside/outside company
  - **Measures taken to guard secrecy of information**
  - Value of information to company and competitors
  - Money expended by company in developing information
  - Ease of acquiring or duplicating information by others



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## Examples of Trade Secrets

- Customer lists/information
- Business plans
- Product development information
- Unique manufacturing processes
- Results of market research
- Recipes, formulas, algorithms, machine learning models, etc.

## What Is Misappropriation?

- (a) **Acquisition** of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by **improper means**; or
- (b) **Disclosure** or **use** of a trade secret of another without express or implied consent by a person who:
  - (i) Used improper means to acquire knowledge of the trade secret; or
  - (ii) At the time of disclosure or use, knew or had reason to know that his or her knowledge of the trade secret was (A) derived from or through a person who had utilized improper means to acquire it, (B) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use, or (C) derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or
  - (iii) Before a material change of his or her position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

## What Is Misappropriation?

- Theft
- Bribery
- Misrepresentation
- **Breach/inducement of breach of duty to maintain secrecy**
- Espionage through electronic or other mean



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## Reasonable Security Measures

- **Limiting access** to those who need it
- Obtaining NDAs
- Reminding employees information is confidential
- Technical precautions



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## Reasonable Security Measures

- Passwords
- Copy protection/embedded codes to track copies
- Exit interviews/attestations to return of all confidential information and trade secrets
- **Securing access to company facilities, especially after normal business hours**



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## Reasonable Security Measures

“Carr failed to plausibly allege that he took reasonable efforts to maintain the secrecy of his business plan when he sent it to (among other people) Wayne Huizenga, the founder of AutoNation. He **failed to label the business plan as confidential**, and he never told AutoNation that the information was confidential. **Nor did he seek a non-disclosure agreement** before sending his business plan. Moreover, the business plan on its face does not appear to be something that a reader would reasonably expect to be treated as confidential. Rather, it appears to be a fairly standard business proposal that offers vague, general concepts and merely aspirational language. **For such a document, more is needed to preserve confidentiality.**”

*Carr v. AutoNation, Inc.*, 2020 U.S. App. LEXIS 7840, at \*2 (9th Cir. March 12, 2020)



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## Reasonable Security Measures

- Employees signed NDAs, company periodically issued reminders to employees about need to keep development confidential; outsiders that were exposed to proprietary information signed confidentiality assurances; company maintained secure workplace; and departing employees were reminded of confidentiality obligation on two separate occasions
  - *Vermont Microsystems, Inc. v. Autodesk, Inc.*, 88 F.3d 142 (2d Cir. 1996) (**reasonable measures undertaken**)
- Company allowed employees of restaurant to keep position manuals and despite loaning manual to employees only on “need to know” basis, employees were neither informed of manuals’ status as secret nor of security measures that should be taken to prevent their being obtained by others
  - *Buffets, Inc. v. Klinke*, 73 F.3d 965 (9th Cir. 1996) (**insufficient security measures**)

## Langford v. Magnolia

- Title VII case based on conduct related to disciplinary measures taken in response to possible misappropriation of trade secrets
- Illustrates how employees can, even when acting on **good intentions**, imperil company’s trade secrets

## Langford v. Magnolia

“Ms. Nash-Makita sent an email to Plaintiff’s personal email account on February 12, 2014, which did include an attachment containing the formula for Magnolia’s P30 product. **On that day, Magnolia’s facility was closed due to a snowstorm.**”

*Langford v. Magnolia Advanced Materials, Inc.*, 1:15-CV-1115-AT-JFK, 2017 U.S. Dist. LEXIS 217856, at \*23-24 (N.D. Ga. Jan. 3, 2017)



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## Langford v. Magnolia

“Ms. Nash-Makita asked Plaintiff to work from home that day. She wrote the following, in part: **‘I am hoping we can get credit for working if we work from home today, so I’m asking everyone to work on some research for future projects.** During your captivity today, can you work on gaining knowledge for polyurea chemistry? **I’ve attached some information, as well as the P30 formula.** We will probably be working to find alternative formulas to P30 that will be more cost effective.”

*Langford v. Magnolia Advanced Materials, Inc.*, 1:15-CV-1115-AT-JFK, 2017 U.S. Dist. LEXIS 217856, at \*23-24 (N.D. Ga. Jan. 3, 2017)



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## *Instant Tech., LLC v. Defazio*

- Following bench trial, court found no misappropriation of trade secrets
- Plaintiff employer failed to show that it possessed trade secrets in part because **defendant employees could use thumb drives to store and transport documents**

## *Instant Tech., LLC v. Defazio*

**“Instant did not typically provide its employees with laptops during the relevant time period. Consequently, in order to work from home, many employees—including the Employee Defendants—transferred copies of the active hotlist and roll-off list to USB thumb drives or emailed copies of the documents to themselves. Instant encouraged working from home on the nights and weekends, and had no policy prohibiting employees from using portable media to facilitate working remotely.”**

*Instant Tech., LLC v. Defazio*, 40 F. Supp. 3d 989, 1006 (N.D. Ill. 2014)

## *Instant Tech., LLC v. Defazio*

“Instant did not prove that Defendants misappropriated any of its information. Like many workers, **Instant’s employees used thumb drives to store and transport documents.** At the time, the Employee Defendants were authorized to access the documents stored on the thumb drives.”

*Instant Tech., LLC v. Defazio*, 40 F. Supp. 3d 989, 1006 (N.D. Ill. 2016)



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## *Instant Tech., LLC v. Defazio*

“When the Employee Defendants left Instant, through resignation or termination, **the Employee Defendants did not immediately return every Instant thumb drive in their possession.** Upon Instant’s request, however, the Employee Defendants returned all of Instant’s thumb drives, data, and documents before Connect opened for business. **There was no proof presented at trial of any unauthorized disclosure and, consequently, no misappropriation by the Employee Defendants within the meaning of the ITSA.**”

*Instant Tech., LLC v. Defazio*, 40 F. Supp. 3d 989, 1006 (N.D. Ill. 2016)



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## *API Ams., Inc. v. Miller*

- Court found plaintiff entitled to summary judgment on misappropriation of trade secrets claim
- Because plaintiff took reasonable measures to keep trade secrets confidential and allowed defendants to access confidential information remotely, **defendant could not rely on plaintiff's alleged knowledge that he worked from home to justify having emailed materials to his personal account**



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## *API Ams., Inc. v. Miller*

“Plaintiff identifies several categories of confidential and proprietary information that it contends constitute trade secrets—and which are included within in its response to the Hallmark RFQ—such as **information related to quality control, customer strategies, and pricing.**”

*API Ams., Inc. v. Miller*, 380 F. Supp. 3d 1141, 1148 (D. Kan. 2019)



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## *API Ams., Inc. v. Miller*

“Plaintiff has taken reasonable measures to keep this information secret by requiring employees (such as Defendant) to sign the Agreement, which contains **non-disclosure and non-competition language** ostensibly preventing employees from disclosing and using such information without consent.”

*API Ams., Inc. v. Miller*, 380 F. Supp. 3d 1141, 1148 (D. Kan. 2019)

## *API Ams., Inc. v. Miller*

“Defendant argues he had Plaintiff’s consent to send these materials to his personal email account because Plaintiff **knew he worked from home** and sent documents from his work email account to his personal account to facilitate this arrangement”

*API Ams., Inc. v. Miller*, 380 F. Supp. 3d 1141, 1149 (D. Kan. 2019)

## *API Ams., Inc. v. Miller*

“the uncontroverted evidence weighs against Defendant’s arguments, showing that **Defendant was able to access Plaintiff’s network remotely** in the event he worked from home, **thereby obviating any need to transmit messages and documents** containing Plaintiff’s trade secret information to his personal account”

*API Ams., Inc. v. Miller*, 380 F. Supp. 3d 1141, 1149-50 (D. Kan. 2019)

## *API Ams., Inc. v. Miller*

“**Defendant agreed he would not disclose**, use, or provide any of Plaintiff’s confidential information or documents—either during his employment or at any time thereafter—for his own benefit or for the benefit of any third party. Defendant further agreed he would not remove such materials from Plaintiff’s premises without prior consent...Nevertheless, that is exactly what the uncontroverted evidence shows that Defendant did. As set forth above, when Defendant left Plaintiff’s employment, **he did not return any of the documents or information he sent to his personal email account.**”

*API Ams., Inc. v. Miller*, 380 F. Supp. 3d 1141, 1150 (D. Kan. 2019)

## *Diamond Power Int'l, Inc. v. Davidson*

- Court granted in part defendants' motions for summary judgment on plaintiff's claims of trade secret misappropriation
- Court found general confidentiality agreement did not create trade secrets, and employees' ability to retain file on their own computers indefinitely without confidentiality markings or copying protection, meant those items were not trade secrets



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## *Diamond Power Int'l, Inc. v. Davidson*

“The Court acknowledges that the nature of Diamond Power’s work required many Diamond Power employees to have access to the Hardware Book file. Nevertheless, **in light of Diamond Power’s demonstrated ability to be more restrictive** over information which it wished to keep secret, and the availability of other measures to guard its secrecy, the Court concludes that no reasonable trier of fact could determine that Diamond Power exercised reasonable efforts under the circumstances to maintain the secrecy of the Hardware Book file.”

*Diamond Power Int'l, Inc. v. Davidson*, 540 F. Supp. 2d 1322, 1335 (N.D. Ga. 2007)



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## *Diamond Power Int'l, Inc. v. Davidson*

“Diamond Power has failed to introduce any evidence that it (1) labeled the file confidential or otherwise communicated the confidentiality of the Hardware Book file directly to its employees, (2) directed its employees to maintain the secrecy of the file (other than through a general confidentiality agreement which did not expressly mention the Hardware book file), or (3) tracked or otherwise regulated the use of its Hardware Book file. **Absent these measures, Diamond Power employees could, and apparently did, retain the Hardware Book file on their own computers indefinitely during the course of their employment....** In the absence of additional measures, Diamond Power’s efforts to maintain the secrecy of the Hardware Book file were not reasonable as a matter of law.”

*Diamond Power Int'l, Inc. v. Davidson*, 540 F. Supp. 2d 1322, 1335 (N.D. Ga. 2007)



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## *Skf United States v. Zarwasch-Weiss*

- Court granted permanent injunction against former employee who left to start his own company with misappropriated trade secrets
- Court found customer lists, control sheets, and pricing structure to be protectable trade secrets **even though defendant was able to access them from laptop he used to work remotely**



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## **Skf United States v. Zarwasch-Weiss**

“When Zarwasch was employed at SKF Economos, the company provided him a laptop computer for personal use (‘the SKF laptop’). Through the SKF laptop, Zarwasch could log on remotely to the SKF Economos network, allowing Zarwasch to **work from home** or while traveling.”

*Skf United States v. Zarwasch-Weiss*, 1:10-cv-1548, 2011 U.S. Dist. LEXIS 167027, at \*13-14 (N.D. Ohio Feb. 3, 2011)



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## **Skf United States v. Zarwasch-Weiss**

“According to Zarwasch, he kept the computer turned on at all times. Zarwasch also testified that **members of his family had access to his SKF laptop and sometimes attached electronic devices to it**. Zarwasch also claimed that his family also used the computer to download songs and movies from the internet. SKF Economos permitted Zarwasch to keep the SKF laptop while he was on leave.”

*Skf United States v. Zarwasch-Weiss*, 1:10-cv-1548, 2011 U.S. Dist. LEXIS 167027, \*13-14 (N.D. Ohio Feb. 3, 2011)



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## **Skf United States v. Zarwasch-Weiss**

“When the November 20, 2009 deadline passed without Zarwasch's signing a separation agreement, Galli took steps to effect Zarwasch's termination. Among other things, he directed Ciofani to collect all of SKF Economos's property in Zarwasch's possession. **Galli had allowed Zarwasch to keep his SKF laptop during these negotiations** for several reasons.”

*Skf United States v. Zarwasch-Weiss*, 1:10-cv-1548, 2011 U.S. Dist. LEXIS 167027, \*15-16 (N.D. Ohio Feb. 3, 2011)



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## **Skf United States v. Zarwasch-Weiss**

“**All security measures balance restricted access to effect confidentiality with ease of access to avoid impeding the flow of business...** Given the required usernames and passwords to access any electronic information, the locked doors and security alarm, the duties of confidentiality imposed by the Employees Manual, the prohibition against copying company documents without approval, the security measures taken by SKF Economos fall well within the broad range of measures that are reasonable under the circumstances.”

*Skf United States v. Zarwasch-Weiss*, 1:10-cv-1548, 2011 U.S. Dist. LEXIS 167027, at \*56-57 (N.D. Ohio Feb. 3, 2011)



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## Protecting Trade Secrets Remotely

- **Prepare updated NDAs/confidentiality agreements to reflect necessary measures re: remote working**
- **Provide secure, company-issued computers**
- **Do not allow unfettered remote access to highly sensitive information**
- **Maintain password protection and pop-up reminders emphasizing confidentiality**

## Protecting Trade Secrets Remotely

- **Maintain ability to remote-wipe and lock out access**
- **Monitor access to highly-sensitive information**
- **If layoffs become necessary, have plan in place to ensure all highly sensitive information is returned**

## Protecting Trade Secrets Remotely

- If you suspect misappropriation has occurred, begin appropriate investigation as soon as possible
- May be necessary to delay litigation, but you should take steps to preserve record to show immediate and irreparable harm will result from misappropriation
- If no alternative to immediate litigation, tailor requested relief appropriately and make clear to court that litigation was unavoidable



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## Thank You



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