

Intellectual Property and Your Business – What To Do?

Part 1: Develop a Policy

“The old industrial era has been supplanted by a new knowledge-based economy in which ideas and innovations rather than land or natural resources have become the principal wellsprings of economic growth and competitive business advantage.” Rivette, K.G. and David Kline. *Rembrandts in the Attic*. Boston: Harvard Business School Press, 2000. The book, published almost a decade ago, is an overview of the overlooked value of intellectual property in a business. While almost a decade has passed, the topic is still appropriate, as evidenced by the mainstream media’s coverage of the topic, as well as the ongoing conversation within professional organizations. A review of articles in *The New York Times* shows several articles discussing intellectual property issues, including ongoing litigation, in the month of October. Four of the articles were in the week of October 21, 2009 alone: Associated Press, *Interdigital Shares Fall After Patent Setback*, *The New York Times*, October 19, 2009; C. Rampell, *Should You Be Able to Patent a Tax Strategy*, *The New York Times*, October 21, 2009, Economix.blog; Hansell, S and K. O'Brien, *Suing Apple, Nokia Says iPhone Infringes on Patents*, *The New York Times*, October 22, 2009, Technology/Companies; and Associated Press, *Drug Makers Post Strong Profits, but Future is Murky*, *The New York Times*, October 23, 2009.

Last month, the programs of the New York (NY) and New Jersey (NJ) Chapters of the Licensing Executive Society (LES), discussed the valuation of intellectual property (IP) in the current economy. At the NY Chapter meeting, the presenters, Douglas Graham, CEO, Iddex, and Chris McKenzie, CEO, Fluid Innovation, discussed “Managing IP Innovation to Maximize Profits.” A day later, at the NJ Chapter meeting, John B. Edwards, spoke to “The Best of Both Worlds: Convergence of Pharma and Biotech.” Each of these professional meetings focused on valuing and managing intellectual property within a business. Conceivably then, this article, the first in a series that will speak to immediate and cost effective measures that a company, particularly small businesses, can take to manage and value and their intellectual property, is timely.

The first step is to develop a written policy that summarizes the company’s position on its intellectual property. The policy statement should answer fundamental questions about intellectual property, such as: What is it? To whom does the policy apply? Who owns intellectual property created by an employee, contractor or vendor? What compensation, if any, will be provided to the creator of intellectual property? How does the company identify and evaluate intellectual property? Who is responsible for obtaining protection for the intellectual property? Who must approve use of intellectual property or transfer of its ownership? Finally, to whom should questions about intellectual property that are not answered in the policy be directed? A policy statement might read:

This Intellectual Property Policy (hereinafter the “IP Policy”) covers all types of intellectual property, including but not limited to patents, trademarks, copyrights, tradeseecrets, inventions, discoveries, writings, artworks, literary works, musical compositions and performances, and software. The previous list is not exhaustive, and this IP Policy applies to other types of intellectual property not listed here, regardless of whether it may be protected by patent, copyright, trademark, trade secret or other law. This IP Policy applies to all employees, all persons using company facilities under the direction or supervision of company personnel, including but not limited to agents, contractors, students, and vendors. This IP Policy also applies to all persons having access to company facilities, information, and intellectual property, including agents, contractors, students, and vendors. The company will own all intellectual property created by an employee within the scope of employment; created on company time with the use of company facilities or resources; or commissioned by the company pursuant to a contract, or if it fits within one of the nine categories of works for hire under copyright law. Any and all development of intellectual property should be reported to your immediate manager, or the CEO of the company. The company will take the required steps, including financial responsibility, to solicit formal rights where necessary. Any questions should be directed to your immediate manger, or the CEO.

After the policy is prepared, appropriate persons should be educated about its existence. It could be displayed in break rooms, included in the employee handbook, or made accessible on the company’s intranet. Concurrently, the policy should be implemented. Future articles will discuss ways to implement the policy, including the preparation of various agreements and clauses to better ensure protection of the business.

Wagner Law LLC serves as external intellectual property counsel to technology driven companies from start-ups to Fortune 500s. The firm helps clients develop and implement strategies to identify, obtain, and protect intellectual property rights. The principal of Wagner Law, Jaconda Wagner, Esq., has over 15 years of experience in the intellectual property arena. The firm welcomes comments and questions.

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