Twelve Costly Intellectual Property Mistakes (And How a Good Manager Can Fix Them)

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1. Failing to Document a Trade Secret Policy

Every company has proprietary information it does not want in the hands of competitors. There are effective trade secret laws to protect your company against competitive piracy and other misappropriation of your company's valuable know-how. But to invoke these protections your company needs to identify information that is secret, have a written policy to maintain its secrecy and communicate that policy to employees and contractors. The recipe for *Coca-Cola*™ remains a valuable trade secret to this day, long after the patent protection would have expired, and without the costs associated with a maintaining a complex patent portfolio. With the right policies in place, your company can add valuable trade secrets to its balance sheet at little cost.

2. Failing to Communicate Basic IP Policies to Employees

Papering personnel files can protect your company's intellectual property portfolio in many ways. All employees should be required to sign a specific policy documenting how your company treats trade secrets, copyrights and other propriety information and restricting their transfer and appropriation.

3. Failure to Use Non-Disclosure Agreements

Premature presentations by enthusiastic sales staff can jeopardize your company's right to file domestic or international patent applications. A public disclosure triggers the running of a one-year clock in the U.S. to file a patent. Disclosure results in the loss of filing rights in most other countries since they do not have one-year grace periods. (You can find a sample Non-Disclosure Agreement at www.milwaukeepatents.com under the Legal Information tab.)

4. Thinking a Non-Disclosure Agreement Covers an "Offer for Sale"

This concept is confusing even to seasoned attorneys. A Non-Disclosure Agreement protects your company from making a "public disclosure." It does not protect your company from a separate rule which provides that an offer for sale starts the one-year grace period for filing a patent in the U.S. Your Non-Disclosure Agreements should include a provision (if applicable) that communications should not be construed as an offer for sale. Also, check with an attorney as to what constitutes an offer for sale for your product. For example, literature merely previewing products in development has been construed as an Offer for Sale sufficient to bar patent rights.

5. Waiting Too Long to File for Patent Protection

Current U.S. law provides a 1-year grace period for a patent application must be filed after disclosure of the invention. Many companies do not realize that the grace period applies even if the product has not yet been built or prototyped. Even disclosures to manufacturers and design professionals without a Non-Disclosure Agreement can start the grace period running.

6. Having an Attorney That Does Not Understand the Market for Your Product

A patent is only valuable if it keeps the competition out of your market space. Many attorneys will run up considerable fees telling you they are getting the "broadest" protection possible and taking forever to get your patent issued. However, this may be a substantial waste of your company's resources because they may be protecting "embodiments" that you never intend to market. Most patent attorneys are engineers and not marketing professionals. A good patent attorney will understand the aspects of your product that you most need to keep competitors from emulating. Do not let your attorney waste resources seeking protection for things you will not commercialize.

7. Ignoring a Competitor's Patent

Under U.S. patent law, if your company learns of a competitor's patent and does nothing to avoid infringement, it could be liable for treble (triple) damages. If this situation arises, consider getting a legal opinion stating why it is reasonable to believe you are not infringing the competitor's patent so the competitor will not be able to threaten you in litigation with treble damages. The unavailability of treble damages takes away much of the incentive for a lawsuit.

8. Sending Internal E-mails Expressing Concerns About Infringement

The treble-damage exposure is so substantial that your company management should be careful to avoid creating evidence by sending internal communications (e.g. e-mails) that may be construed later to indicate such willful infringement.

9. Relying Solely on Copyrights for Software Protection

Copyright protection in the U.S. and many other countries is free and automatic. It arises instantly when your company creates software technologies, such as computer programs, electronic databases, and graphical display screens and related media. However, copyright protection is very narrow and literal in its scope. This means that it offers little or no protection against even very simple "design arounds" and reverse engineering.

10. Failing to Have Everyone Who Contributes to a Project Assign Their Rights to the Company

Wisconsin does not have a statutory "invention assignment" protection in place for employers, and it is up to the employer to contractually require that innovations be assigned to the company. Your company should also have simple policies in place for assignment of joint-development

engineering projects and ideas originating from many co-inventors such as advisors, consultant, employees, and even customers.

11. Letting Your Patent Attorney Take Too Long to Get Your Patent Issued

A diligent attorney can substantially reduce the time your company's patent is pending by scheduling Examiner Interviews and drafting targeted claims. Ask your firm about the strategies they have in place to expedite patent reviews and satisfy yourself that they are aggressive in expediting the process.

12. Paying Too Much For Patent and Trademark Protection

Attorneys that concentrate their practices in the patent and trademark area should have many standardized procedures in place, as well as have published fee schedules and provide not-to-exceed amounts for various phases on the process. Intellectual property law is a specialized area, and one in which small boutique firms can offer your company significant savings.