

Recreating the Silicon Valley

# Introduction to Intellectual Property



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# Types of Intellectual Property

- Trademarks
- Patents
- Copyright
- Trade Secrets
- Domain Names
- Other types

# Main distinctions between US and Russian IP law

## The U.S.

- Common law country, law developed by judges – case law
- State specific legislation but IP is mainly regulated by the Federal law
- “To promote the progress of Science and useful Arts”

## Russia

- Civil law country, written codified law, no precedents
- Federal legislation, mainly the Part IV of the Civil Code, adopted in 2008
- “Intellectual Property is protected by the law”



# Trademarks



# Brand Value

- Global 500 top 20

Rank	Company	Revenues (\$ millions)	Profits (\$ millions)
1	Wal-Mart Stores	408,214	14,335
2	Royal Dutch Shell	285,129	12,518
3	Exxon Mobil	284,650	19,280
4	BP	246,138	16,578
5	Toyota Motor	204,106	2,256
6	Japan Post Holdings	202,196	4,849
7	Sinopec	187,518	5,756
8	State Grid	184,496	-343
9	AXA	175,257	5,012
10	China National Petroleum	165,496	10,272
11	Chevron	163,527	10,483
12	ING Group	163,204	-1,300
13	General Electric	156,779	11,025
14	Total	155,887	11,741
15	Bank of America Corp.	150,450	6,276
16	Volkswagen	146,205	1,334
17	ConocoPhillips	139,515	4,858
18	BNP Paribas	130,708	8,106
19	Assicurazioni Generali	126,012	1,820
20	Allianz	125,999	5,973

- Interbrand top 20

Rank	Previous Rank	Brand	Country of Origin	Sector	Brand Value (\$m)
1	1		United States	Beverages	70,452
2	2		United States	Business Services	64,727
3	3		United States	Computer Software	60,895
4	7		United States	Internet Services	43,557
5	4		United States	Diversified	42,808
6	6		United States	Restaurants	33,578
7	9		United States	Electronics	32,015
8	5		Finland	Electronics	29,495
9	10		United States	Media	28,731
10	11		United States	Electronics	26,867
11	8		Japan	Automotive	26,192
12	12		Germany	Automotive	25,179
13	13		United States	FMCG	23,298
14	14		United States	Business Services	23,219
15	15		Germany	Automotive	22,322
16	16		France	Luxury	21,860
17	20		United States	Electronics	21,143
18	17		United States	Tobacco	19,961
19	19		South Korea	Electronics	19,491
20	18		Japan	Automotive	18,506



# Trademarks

- Indication of source, individualization
- Right to prohibit others from using the same or confusingly similar mark
- Trade marks and service marks: word or design marks, must be distinctive
- The term is not limited, when registered is subject to renewals, but could be cancelled if not in use
- Protected with respect to particular goods/services
- Territorial limitation

# Trademarks in the US and Russia

## The U.S.

- Both common law and statutory protection (part of unfair competition law)
- Rights derive from the use of the mark in commerce
- First to use system

## Russia

- Federal law protection on the whole territory of the country
- Right is the result of the state registration
- First to file system



# Patents





# Who needs patents?

# Who needs patents?

## PATENT WINNERS

Who comes out tops in intellectual property? It depends on whether the ranking is based on quantity or quality.

### MOST PATENT GRANTS\*

- 1 IBM
- 2 Samsung
- 3 Microsoft
- 4 Canon
- 5 Panasonic
- 6 Toshiba
- 7 Sony
- 8 Intel
- 9 Seiko Epson
- 10 Hewlett-Packard

### MOST VALUABLE PORTFOLIOS\*\*

- 1 Microsoft
- 2 Samsung
- 3 Canon
- 4 Hewlett-Packard
- 5 Intel
- 6 Hitachi
- 7 Ricoh
- 8 IBM
- 9 Panasonic
- 10 Seiko Epson

\* U.S. patents issued in 2009 \*\* U.S. patents granted over the past five years  
Data: IFI Patent Intelligence, Ocean Tomo



# Patents

- Invention shall be novel, non-obvious and useful
- Patent issued by the state – bargain between inventor and government
- Exclusive right – right to exclude others (make, use, sell, offer for sale, import)
- Term of the patent is 20 years from the filing date
- Written description, claims
- Territorial limitation

# Patents in the US and Russia

## The U.S.

- First to invent system
- One-year grace period (printed publication, public use, sale, patent abroad)
- Patent litigation could be very burdensome and expensive – consider licensing

## Russia

- First to file system
- No grace period (absolute novelty)
- Patent litigation is less burdensome and expensive



# Copyright



# Copyright

- Protects expressions, not ideas
- The work must be original (creative) and fixed in tangible medium of expression
- The work either copyrighted or in the public domain
- General term of protection is life of the author + 70 years
- No registration requirements, the rights derive from the fact of creation



# Copyright in the US and Russia

## The U.S.

- Economic approach (“to promote the progress of Science and useful Arts”)
- Work for hire – the legal entity could be an author (95 years or 120 years)
- Notice and registration advisable
- Fair Use and other exceptions

## Russia

- French model of “right of the author” (droit d'auteur), neighboring rights
- Author is always an individual, or group of individuals
- Legal entity could be the owner – work for hire or assignment
- Limited number of exceptions

# Software

- Software is protected as literary work (source code)
- Software could be registered
- Open Source Software Risks:
  - ownership issues
  - warranties and indemnities
  - support and maintenance
  - GPL license (GNU/Linux)
  - license obligations – risk of viral effect



# Trade Secrets



# Trade Secrets

- Almost any information you can use in business, that
  - has an economic value
  - is not generally known to public
  - is kept in secret
- Formula, Pattern, Program, Device, Method, Technique, Process and so on
- Right to sue for misappropriation, but not a right to exclude those who developed independently



# Trade Secrets in the US and Russia

## The U.S.

- Common law and State law protection
- No subject matter requirement, no tangibility requirement
- Uniform Trade Secrets Act – enacted in 42 states including California, but not in NY and TX

## Russia

- Federal Law On Commercial Secrets
- Very formal approach, number of requirements (internal policy, list of confidential information, confidentiality labels and so on)
- Some information can not be protected as a trade secret

# Domain Names

- Quasi IP
- Administered by ICANN
- Registration through authorized agents – Domain Names Registrars
- gTLD (.com) and ccTLD (.ru)
- Whois service
- Assignment shall be registered by the Registrar
- Collision with the trademarks



# Protect your IP



# Practical recommendations

1. Identify what types of IP you have and if it is vital for your business
2. Check the origin of your IP and clarify the status (licensed, assigned, work for hire) – Chain of Title
3. Sign necessary documents, obtain assignments and licenses from the founders, employees, other individuals and contractors
4. Consider filing trademark and patent applications, software registration
5. Adopt internal Trade Secrets policy, sign NDAs
6. Keep the records
7. Explain the status of your IP to VCs



# Good luck!



- Questions?