

**Bond** Manufacturing Week  
Webinar Series  
October 2-6, 2017

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Protecting Your Manufacturing Business  
from IP Theft

*Presented by Jeremy P. Oczeq*



Commitment · Service · Value · Our Word

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**Bond** Manufacturing Week  
Webinar Series  
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October 2: Cybersecurity: What We Should Be Doing  
 October 3: **Protecting Your Manufacturing Business from IP Theft**  
 October 4: Wage and Hour Traps for the Manufacturing Industry  
 October 5: Avoiding OSHA Liabilities  
 October 6: Navigating Immigration Issues Within the Manufacturing Industry



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**IP Theft**

- According to the FBI, intellectual property theft costs American companies billions of dollars every year.
- Manufacturing companies are especially prone to damage from the theft of IP intellectual property of stolen designs and business intelligence, and counterfeit products.

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## What We Will Cover

- IP Basics
- Risks and Vulnerabilities
- Best Practices to Protect IP

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## IP BASICS

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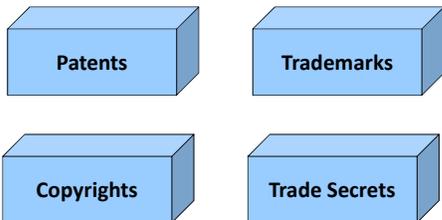
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## Types of Intellectual Property



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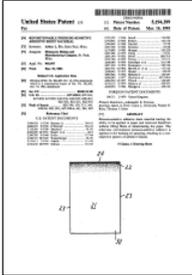
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## Patents



- **What is a patent?** A patent is a right to exclude others from practicing the invention.
- **Damages:** Entitled to at least some compensation if other companies practice the patent.
- **Injunctive relief:** May be entitled to stop others from using the patented invention.

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## Patents

### • Utility patents

- Any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof.
- For manufacturers, can protect the manufactured goods, methods of manufacture, and/or machines.
- Term: 20 years from filing of initial application

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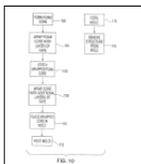
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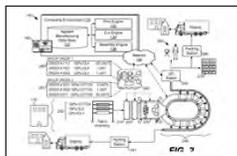
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## Patents

**Bauer Hockey, Inc.**  
US Patent No. 7824591  
"Method of forming hockey blade with wrapped, stitched core"



**Amazon Technologies, Inc.**  
US Patent No. 9623578  
"On demand apparel manufacturing"



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## Patents

- **Design patents**

- Any new, original, and ornamental (non-functional) design for an article of manufacture.
- Protects the way something looks, rather than the way it is constructed or used.
- Can exclude products having an identical design, as well as any ornamental design that would deceive an ordinary observer.
- Term: 14 years from granting of patent

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## Patents

**Original Coca-Cola Design**  
US Design No. 48,160  
"Bottle of Similar Article"



**Oakley, Inc.**  
US Design No. 470,160  
"Eyeglass Components"



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## Trademarks

- A **trademark** or **service mark** is
  - a word, name,
  - symbol or device or
  - combination thereof
- Mark is adopted or used to identify goods/services and to distinguish them from those sold by competitors
- Non-traditional trademarks may also be protected:
  - colors (e.g., pink in Owens Corning's insulation)
  - visual appearance (e.g., Apple Store design/layout)

**BOSE**



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## Trademarks

- **Common Law:**
  - Created when start using mark and consumers begin association between marked good and manufacturer
  - Can be enforced in court if company can show mark used as source identifier
- **State Registration:**
  - Each state maintains its own register of marks which can be enforced under state law
  - Term: 10 years and renewable indefinitely

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## Trademarks

- **Federal Registration:**
  - Term: 20 years and renewable indefinitely
- **Federal registration** has important legal advantages over state and common laws:
  - Public notice of the trademark
  - Legal presumption of ownership nationwide rights
  - Ability to bring an action in federal court
  - The right to use the federal registration symbol ® (otherwise can only use ™ symbol)
  - Listing in the US Trademark Office online databases

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## Copyright

- **Copyrights** are governed exclusively by federal law
- "Original works of authorship" fixed in any tangible medium of expression:
  - Words and images fixed to a page
  - Software fixed to computer memory
- Rights include:
  1. To reproduce the copyrighted work
  2. To prepare derivative works based upon the copyrighted work
  3. To distribute copies of the copyrighted work for sale, transfer, rental or lending

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## Copyright

- Can protect any “written” materials:
  - Product manuals and brochures
  - Packaging
  - Catalogs
  - Articles
  - White papers
  - Presentations
  - Training materials
  - Computer software
  - Company documentation

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## Copyright

- Ownership of copyrights
  - Copyright ordinarily vests in the author of a work.
  - “Works made for hire”
    - *Employee Works*. If created by employee in the regular course of employment, the employer is considered the “author” of the work for copyright purposes.
- Term: For works published with notice on or after 1978:
  - Corporation (work for hire): shorter of 95 years after first publication or 120 years after creation

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## Trade secrets

- Trade secrets must be **secret**.
- As long as the secrets are kept confidential:
  - Potentially longer life (term) than for patents and copyrights
  - Potentially shorter life (term) than for patents and copyrights
- Protected by federal and state law



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## Trade secrets

- **Some examples of trade secrets:**
  - Manufacturing processes, techniques and know-how
  - Designs, drawings, plans
  - Algorithms and processes implemented in software
  - Formulas or ingredients of products
  - Business strategies, business plans
  - Financial information
  - Operating manuals, training manuals
  - Customer lists, data compilations

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## RISKS AND VULNERABILITIES

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## Risks and vulnerabilities

- Manufacturers have considerable resources invested in machinery, tools, personnel, products, processes, and more.
- IP theft can impact not only a manufacturer's bottom line, but its ability to deliver goods and services on time and on budget.

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## Risks and vulnerabilities

- **Facilities and equipment**
  - Stringent security standards and procedures should be implemented
- **Personnel and partners**
  - Should take reasonable steps to verify security practices and protocols
- **Vendors and supply chain**
  - Highly complex and continuously exposed to a variety of internal and external risks

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## BEST PRACTICES TO PROTECT IP

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## Best Practices to Protect IP

1. Conduct IP Audits
2. Implement a Strategic IP Plan
3. Protect Your Confidential Information (Trade Secrets)
4. Protect Your Inventions (Patent)
5. Protect Your Brand (Trademarks)
6. Protect Your Content (Copyright)

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Number 1:  
Conduct IP Audits



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**1: IP Audits**

- What is an IP audit?
  - A systematic review of a company's IP assets and related risks and opportunities
- Why conduct an IP audit?
  - Help assess, preserve, and enhance IP
  - Correct defects in IP rights
  - Implement best practices for IP asset management



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**1: IP Audits**

- Step 1: Identify all possible IP
- Step 2: Determine ownership of IP assets
- Step 3: Determine validity of IP assets
- Step 4: Seek protection for IP assets
- Step 5: Verify correct usage of third party IP
- Other possible steps:
  - Qualitative measures
  - Analyze third party risks



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Number 2:  
Implement a  
Strategic IP Plan

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**2: Strategic IP Plan**

- Why implement a strategic plan?
  - To prompt the development, acquisition, maintenance, and exploitation of IP assets, just as a traditional business plan would do with material assets.
  - The specifics of a strategic IP plan will vary from company to company.
- Establish IP infrastructure
  - IP committee with regular meetings

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Number 3:  
Protect Your Confidential  
Information (Trade Secrets)

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### 3: Trade Secrets

- Measures to protect trade secrets:
  - Identify and catalog your company's trade secrets
  - Establish day-to-day procedures and practices
    - Implement a confidentiality policy
    - Label trade your trade secrets
    - Limit physical and electronic access to trade secrets
  - Establish exit procedures and practices
    - Conduct exit interviews
    - Secure the return of documentation

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### 3: Trade Secrets

- Employee agreements
  - Non-disclosure provision (protect trade secrets)
  - Non-compete provision
  - Assignment of IP
- Non-disclosure agreements (NDAs)
  - Used between parties to set forth which information is confidential, limits what the other party may use it for, and specifies how long it must remain secret.
  - Should be used whenever disclosing confidential information outside of the company.

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### Number 4: Protect Your Inventions (Patent)

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## 4: Patents

- Patenting a can take time and resources to complete, but the benefits that patent protection can provide to a manufacturing company can far outweigh the investment required:
  - Protect against IP theft (both internal and external)
  - Protect ability to manufacture
  - Increase market position
  - Create ability to license

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## 4: Patents

- Utility patents –
  - Protect manufacturing processes, machines, articles of manufacture, or compositions of matter
  - Consider use of provisional applications
- Design patents –
  - Protect ornamental (non-functional) design

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## Number 5: Protect Your Brand (Trademarks)

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## 5: Trademarks

- Trademarks are important because they give manufacturers the ability to differentiate themselves and their products from those of their competitors.
- Trademarks also allow manufacturers to build their business by investing their resources in brands that may eventually have broad commercial appeal.

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## 5: Trademarks

- Trademarks are relatively inexpensive to protect
- Trademarks help prevent marketplace confusion
- Federal registration with U.S. Trademark Office gives nationwide rights.

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## Number 6: Protect Your Content (Copyright)

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## 6: Copyright

- Copyright is typically the easiest and most inexpensive intellectual protection to obtain.
- Statutory damages of up between \$750 and \$30,000 per work, at the discretion of the court.
- Plaintiffs who can show willful infringement may be entitled to damages up to \$150,000 per work.

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## 6: Copyright

- Original, copyrightable works need not be registered with the U.S. Copyright Office.
  - But, registration is desirable because of proof of validity and is required to bring suit.
- A copyright notice (©) is not necessary for the work to receive copyright protection.
  - But, using copyright notice (©) informs others of company's underlying claim to copyright ownership.

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## Protecting Your Manufacturing Business from IP Theft



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