

CORPORATE COUNSEL'S QUARTERLY

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BUSINESS LAWS, INC.

Intellectual Property Management

Technical Publications

Introduction

Corporate scientists are employed to engage in research and development designed to produce intellectual property that gives the corporation a competitive advantage in the marketplace. These scientists develop patentable inventions, trade secrets, and other valuable confidential and/or proprietary information not known to competitors and the general public.¹ Corporate interests are generally best served by limiting access to such information to employees that need to know this information to facilitate corporate business goals. Scientists, however, often want to publish research results and related information.

Employees want to publish corporate research results for several reasons. Sometimes publications advance the interests of the corporation. Publications containing new and useful information enhance the corporation's image in the mind of its customers and competitors. The corporation is recognized as a leader in the area of research and development ("R&D") and the creation of new and innovative products. In addition, the information in publications is available to the public for patent law purposes. Such information serves as "prior art" that prevents others from obtaining patents for any disclosed or closely related inventions.² Similarly, publications and the information contained therein can be used to support marketing efforts or regulatory claims. Most often, however, employees want to publish and advance their career.³

Publications that advance either corporate goals or employee careers should be encouraged. However, corporate management should implement policies and procedures that preserve the integrity of trade secrets and confidential and/or proprietary information developed using corporate assets, particularly patentable inventions.

Management is responsible for reviewing all publications proposed by employees, particularly scientific and technical papers written by R&D scientists based upon corporate research.

¹ The Uniform Trade Secrets Act (UTSA) defines a "**trade secret**" as information, including a formula, pattern, compilation, program, device, method, technique, or process that: 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, and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.. Simply stated, a "**trade secret**" is information that is: (1) used in a business, (2) kept secret; and (3) capable of giving a competitive advantage to its owner.

A "**patent**" is a right granted to an "inventor" by the government that prevents others from making, using or selling the inventor's "invention" during the term of the patent. A patent can be obtained for new and nonobvious inventions and designs. A United States patent has a term of seventeen (17) years from the date of issue or twenty (20) years from its application date and cannot be renewed. Patent terms can be extended by law, generally as compensation for delays experienced in the regulatory approval process.

² 35 U.S.C. §102. Generally, inventions disclosed in publications or otherwise made available to the public are not patentable.

³ Most corporate scientists come from an academic environment where the "publish or perish" attitude prevails.

Management in this context usually consists of a team of senior level R&D employees and an intellectual property attorney. This team is responsible for ensuring that trade secrets and other confidential and/or proprietary information are not unknowingly or inadvertently disclosed in publications. This responsibility can be discharged by implementing a policy requiring pre-submission review and approval of all proposed publications.

This article proposes a review policy and provides forms designed to ensure that company⁴ publications are thoroughly evaluated to determine if they contain trade secrets or other confidential and/or proprietary information, particularly patentable inventions, and that such information is not disclosed in publications by company employees unless such disclosure is approved in advance by corporate management.

Recommended Review Policy

The recommended pre-submission review policy requires the author to circulate the proposed publication to select scientific and business employees and to the legal department for review and approval. These employees and an attorney are members of a review and approval team (“Team”) that determines if information in the proposed publication can be published or if it must be kept secret. Team members are selected from employees familiar with the technology disclosed in the publication and the business of the corporation. Team members are typically the head of the author's department, the vice president of research and development, a marketing manager, a strategic planning executive, and an intellectual property attorney. Frequently, however, these Team members are unfamiliar with the issues involved in publication review and approval. An efficient review procedure will require training for Team members.

Review Process Training

The intellectual property attorney responsible for reviewing publications should educate corporate employees by providing periodic training seminars designed to review the elements of trade secrets and confidential and/or proprietary information and the risks associated with publishing such information. Such seminars should also address the procedures for filing patent applications in the U.S. and foreign countries, particularly the difficult issues associated with the timing of publications and patent application filings. Such training should be mandatory for those involved in the publication review and approval process, i.e., Team members. However, all employees, particularly those contemplating becoming authors, benefit from the training. Employees that understand the process for protecting such information are more likely to recognize and appreciate its value and less likely to destroy its value through inadvertent disclosure.

Publication Approval Form

The circulated publication should be accompanied by a “publication approval form” containing:

⁴ This article is directed to companies and corporate employees. However, the procedures and forms described herein could easily be adapted for use by university and other research institutions.

- (1) a description of the type of publication, i.e., manuscript, oral presentation, meeting presentation and poster, and the like;
- (2) the title of the proposed publication;
- (3) the author(s) name;
- (4) a place for the name, signature, and date for each member of the review Team;
and
- (5) a notice reciting the purpose of the review process.

A suitable "Publication Approval Form" is attached as Exhibit 1.

The author should fill-in the Form and send it and the publication to the Team for consideration. Each Team member should carefully review the proposed publication and determine if it contains any trade secrets or confidential/proprietary information that should not be disclosed to the public. If such information is included, the publication should not be approved. The publication, of course, may be modified to remove objectionable information and the publication approved. Each member signs and dates the Form if there are no objections to publishing the information. The author is authorized to submit the proposed publication to the publisher after all Team members sign the Form.

The completed and signed Publication Approval Form and a copy of the publication should be stored in a centralized location, e.g., the corporate library. The text of the publication and a list of those involved in the approval process can easily be retrieved if the publication becomes an issue.

Publication Review Policy Memo

The attorney on the Team should attach a "memo" to each Form and publication. The memo should review the procedure for protecting trade secrets and confidential and/or proprietary information and for obtaining approval to publish such information. The memo should summarize the information taught to employees in periodic seminars and review the effect of publications on the patentability of disclosed inventions. The memo should serve as a reminder of the issues associated with publications and facilitate a quick review of such issues. Similarly, the memo should remind the non-legal Team members of the function of the legal department in the review process and of the advice available should there be questions. A suitable "memo" is attached as Exhibit 2.

The memo reminds the author and those on the Team of the need to protect trade secrets and confidential and/or proprietary information. Further, the memo discusses the corporate publication policy and describes the process used to obtain approval to submit the proposed publication to the publisher. Most importantly, the memo reviews the nuances associated with handling publications that disclose patentable inventions, particularly if the invention is to be protected internationally, and provides a "checklist" format for reviewing the issues.

The Team, particularly the intellectual property attorney on the Team, should be familiar with pending patent disclosures and applications. They should review each draft publication to ensure that disclosed information does not adversely affect intellectual property rights. Similarly, they should be familiar with the terms of third party contracts that relate to research done by corporate

employees. Approval for the publication should be withheld if there is any question that the company's intellectual property rights might be compromised or if the publication is adverse to contractual obligations.

Withholding approval does not always mean that publication is strictly forbidden. In depth review of the disclosed information and contractual obligations may result in reconsideration of the issues and approval for the publication. However, because of the possibility of delays associated with such review, corporate employees, as potential authors, should be encouraged to begin the approval process several weeks before the publication will be submitted to the publisher. Authors should avoid seeking approval a few days before a submission deadline. Rushing the approval process can only lead to mistakes that jeopardize corporate intellectual property.

Intellectual property rights should not be compromised to accommodate an employees' desire to publish quickly, particularly when the time constraint is caused by the employee's failure to seek approval well in advance of a submission deadline. The need to protect intellectual property rights is more important than the employees' desire to further a career through publications. Time should be allocated for a through review analysis that considers all of the relevant issues.

Review Analysis

The review Team should use the following analysis to determine if approval can be granted:

Would publication of the information in the proposed publication place the corporation in breach of contract?⁵

If the answer is yes, approval must be denied. The author can discuss the publication with the other contracting party and ask the other party to waive its contractual rights and grant permission to proceed with the publication. Permission from the other party should be obtained in writing and placed in the file containing the contract. If the other party refuses permission, the author will have to delay publication until permission can be obtained or the contract expires or is terminated.

If the answer is no, the confidential and proprietary nature of the information to be disclosed must be considered.

Does the publication contain any information that should not be disclosed to the public, e.g., trade secrets and confidential and/or proprietary information, particularly patentable inventions?

If the answer is no, approval can be given.

If the answer is yes, approval must be denied unless approval can be granted after the decision is made to make the information public because publication facilitates a corporate business purpose. The information should not be made

⁵ Corporations often enter into R&D contracts containing confidentiality provisions that forbid the results of research done under the terms of the contract from being disclosed to third parties. Publication of such research results, without permission, would be a breach of the contract.

public merely to accommodate the author's desire to publish, for career advancement or otherwise. If the information comprises a patentable invention, the publication may or may not be approved depending on the nature and scope of patent protection desired.

Does the information in the publication encompass a patentable invention?

If the answer is no, approval must be denied. The proposed publication contains only information that must be kept secret by the corporation. Publication is inappropriate.

If the answer is yes, the attorney and approval Team must, with the help of the inventor(s) and business personnel, determine where patent applications will be filed.

If an application will be filed in the U.S. only, the publication can be approved and the application filed within one (1) year after publication.⁶

If the application will be filed in other countries, the application must be filed in the U.S. before the information is published. After the application is filed in the U.S., approval can be given and the information can be published. Patent applications can be filed in other countries based upon the U.S. application under the terms of various international treaties for the protection of intellectual property, e.g., the Patent Cooperation Treaty⁷ ("PCT") or the Paris Convention⁸ ("PC"). Similarly, for a few countries

⁶ 35 U.S.C. §102(b). U.S. patent law gives an inventor a one (1) year "grace period" to file a patent application after the invention has been made public.

⁷ The Patent Cooperation Treaty signatory countries include: EPC (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, Switzerland/Liechtenstein, and the United Kingdom), OAPI (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Côte d'Ivoire, Gabon, Guinea, Mali, Mauritania, Niger, Senegal, and Togo), ARIPO (Kenya, Lesotho, Malawi, Sudan, Swaziland, Uganda), EURASIAN (Azerbaijan, Belarus, Kazakhstan, Russian Federation, Tajikistan, Turkmenistan), Albania, Armenia, Australia, Austria¹, Azerbaijan¹, Barbados, Belarus¹, Brazil, Bulgaria, Canada, China, Czech Republic, Denmark¹, DPR Korea (North), Estonia, Finland, Georgia, Germany¹, Hungary, Iceland, Israel, Japan, Kazakhstan¹, Kenya¹, Kyrgyzstan, Latvia, Lesotho, Liberia, Lithuania, Luxembourg¹, Macedonia, Madagascar, Malawi¹, Mexico, Moldova, Mongolia, New Zealand, Norway, Poland, Portugal¹, R. Korea (South), Romania, Russian Fed. 1, Senegal, Singapore, Slovakia, Slovenia, Spain¹, Sri Lanka, Sudan¹, Sweden¹, Switzerland/Liechtenstein¹, Tajikistan¹, Trinidad/Tobago, Turkmenistan¹, Turkey, Uganda¹, Ukraine, United Kingdom¹, United States, Uzbekistan, and Viet Nam (the subscript 1 indicates the country is a member of one of the regional treaties, i.e., EPC, OPAI, ARIPO, or EURASIAN).

⁸ The Paris Convention signatory countries include: Algeria, Argentina, Australia, Austria, Bahamas, Bangladesh, Belgium, Benin, Brazil, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, Central African Republic, Chad, China, Congo, Cote d'Ivoire, Cuba, Cyprus, Czech Republic, DPR Korea (North), Denmark, Dominican Republic, Egypt, Finland, France, Gabon, Gambia, Germany, Greece, Guinea, Haiti, Holy See, Hungary, Iceland, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Japan, Jordan, Kenya, Lebanon, Lesotho, Libya, Liechtenstein, Luxembourg, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mauritius, Mexico, Monaco, Morocco, Netherlands, New Zealand, Niger, Nigeria, Norway, Philippines, Poland, Portugal, Republic of Korea (South), Romania, Russian Federation, Rwanda, San Marino, Senegal, South Africa, Spain, Sri Lanka, Sudan, Suriname,

not a party to these treaties, the application must be filed before publication. The intellectual property attorney should be responsible for reviewing the list of countries where patents will be filed and ensuring that patent rights are not lost. Final approval to publish is given only after patent applications have been filed in selected countries.

Patent Filing Strategy

Selecting the countries where patent applications will be filed requires a team effort from the inventor(s) and corporate management. Scientists and do not necessarily have the knowledge or skill to select the countries where the corporation will need patent protection for the invention. For example, an invention for a method for increasing wool production from sheep would be very valuable in wool producing countries such as Australia but of little value in countries where wool production is at a minimum.

Similarly, the corporation may not conduct business in a particular country and may not want to spend the money to obtain a patent in that country. However, before abandoning intellectual property rights in such countries, other questions must be considered. Does the corporation plan to expand its business into that country in the next twenty years?⁹ Does the corporation have competitors that do business in that country? Would a patent impede such competitors and give the corporation a competitive advantage? Could the corporation license the patent for a royalty even if it will not do business there? Would the invention be valuable to non-competitors? If the answer to any of these questions is yes, consideration should be given to obtaining a patent even if the corporation does not do business there. Similarly, the benefit or income from the patent may justify the cost for obtaining it.

Selecting the countries and answering the above questions may be difficult for the scientist and the attorney. Employees from the business area, e.g., strategic planning and marketing, should be consulted to ensure that the corporation's intellectual property is properly managed.

In some situations, it may be very difficult to develop a list of countries and answer the above questions. This difficulty often occurs when the decision about where to file applications must be made early in the process of developing the invention and products based upon the invention. When the decision is difficult, good protection for the invention can be obtained by assuming that the application will be filed in the U.S.¹⁰ originally and that a PCT application will be filed within twelve (12) months as required by the PCT. The PCT permits the applicant for a patent to

Sweden, Switzerland, Syria, Tanzania, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Kingdom, United States, Upper Volta, Uruguay, Viet Nam, Yugoslavia, Zaire, Zambia, and Zimbabwe.

⁹ Most countries as members of the General Agreement on Tariffs and Trade (GATT) have patent terms of twenty (20) years from the filing date.

¹⁰ The application could be filed in any PCT country first. The U.S. is used here as an example only. A resident of New Zealand could file in New Zealand first and consider the U.S. as a foreign country in the described procedure. The analysis would be slightly different depending upon whether the original filing country had a "grace period" for filing applications after the invention is made public. Most countries do not have such a grace period.

file a U.S. application and preserve the right to file application in most of the industrial countries of the world until thirty (30) months after the U.S. filing.

A similar option exists for countries that are members of the PC. An applicant can file in the U.S. and file equivalent applications in PC countries within twelve (12) months.

The difference between using the PCT and the PC is the costs of obtaining patents, or at least deferring the costs. Assuming it costs \$5,000¹¹ to file an application and that the application will be filed in the U.S. and forty (40) foreign countries, using the PC will cost the corporation \$205,000 in a one (1) year period, \$5,000 at month 0 (zero)¹² when the application is first filed and \$200,000 at month twelve (12). Using the PCT will defer the \$200,000 payment until month thirty (30). Indeed, it may be determined before month thirty (30) that the invention has no commercial value and the entire \$200,000 may be saved by not foreign filing at all. Similarly, the country list may be reduced to ten (10) by evaluating the commercial potential of the invention and the costs reduced to \$50,000. A cost of about \$15,000 for filing the PCT application must be considered also.

Therefore, based upon the assumption that patents will be filed in the U.S. and that foreign patent rights will be protected via the PCT, approval to publish can be given after a patent application is filed in the U.S. Publication before the application is filed will forfeit all patent rights outside the U.S.

Conclusion

Control of corporate publications and the loss of valuable intellectual property rights caused by such publications can be achieved by (1) educating employees about intellectual property and the risks associated with its disclosure and (2) implementing a publication approval policy that ensures due consideration is given to each publication before it is submitted to the publisher. The approval policy requires review and approval by key management employees and the corporate legal department. In addition, the corporate attorney responsible for reviewing proposed publications should send a memo to the author of each publication, with a copy to those that will review and approve the publication, reminding the author of the issues and outlining the process for protecting trade secrets and confidential and/or proprietary information, particularly patentable inventions.

¹¹ Estimate based on averages only. Some countries have a higher cost, e.g., countries like Japan where translation charges increase the cost dramatically.

¹² The timing for foreign filing under the PCT and similar treaties is typically counted in months. Month 0 (zero) is the filing date, month 12 is the deadline for filing a PCT application or PC applications, and month 30 is the time when individual countries must be selected under the PCT procedure.

Exhibit 1

RESEARCH & DEVELOPMENT PUBLICATION/PRESENTATION APPROVAL FORM

Please check one of the following:

- Manuscript for Publication in Scientific Journals, Magazines, etc.**
Submission Date: _____
Publication Name: _____
- Abstract/Poster for Meeting/Professional Organization**
Meeting Date: _____
Meeting Name _____
- Other Disclosure**
Disclosure Date: _____
Disclosure Description: _____

Title: _____

Author(s): _____

Approval:

Author _____ Date _____

Department Head _____ Date _____

Project Manager _____ Date _____

Product Manager _____ Date _____

Legal _____ Date _____

Vice President R&D _____ Date _____

Signature on this Form indicates that you have considered the effect of publishing the information in the proposed publication on trade secrets or other confidential and/or proprietary information, particularly patentable inventions

Exhibit 2

Publication Review Policy Memo

To: Dr. WantaPublish Quickly

From: Ray Guffey

Date: January 15, 1996

Subject: Publications - Review Policy and Procedure

Publication of research results and other information by corporate employees is controlled by the Corporate Management Guide ("Guide"). Basically, all company information that is not publicly known must be kept secret by employees during and after their employment.

There are, however, situations in which non-public information may be disclosed to the public. The procedures for obtaining permission to disclose non-public information are detailed in the Guide. The pertinent section relating to publications by employees in technical and scientific journals can be summarized as follows:

Although the Company encourages technical and scientific publications by employees, such publications, as well as speeches, posters, articles, and papers about the Company, must be approved in advance by the author's department and by the legal department to be certain that there is no disclosure of trade secrets or confidential and/or proprietary information.

To obtain approval to publish, you must complete a "Publication Approval Form" and circulate it and the proposed publication to those familiar with the technology and the legal department. The Publication Approval Form must be completed and signed by all reviewers **before** the proposed publication is submitted to the publisher for consideration.

The basic function of the legal department in this approval process is to:

- (1) advise on contractual issues, e.g., breach of contract;
- (2) advise as to the consequences of publishing information or keeping information secret;
- (3) evaluate the publication to see if it contains inventions;
- (4) determine if patent coverage is available for potential inventions disclosed in the publication; and
- (5) assist with devising an international patent filing strategy.

If the proposed publication contains information that comprises a patentable invention, publication of that information may or may not be appropriate depending upon the following circumstances:

Although the proposed publication discloses a patentable invention, the invention may be of little value to the company and the decision may be made not to file a patent application for the invention. The publication can, therefore, be approved.

Indeed, publication may protect the company by preventing others from patenting the invention and requiring the company to possibly pay a royalty for using the invention at a later date.

If the invention is to be patented, the countries where patent applications will be filed must be determined before publication can be approved. Although this may be very difficult in the early stages of invention development, the countries where the applications will be filed will determine if approval for publication can be granted. The legal considerations are as follows:

If the United States is the only country in which patent protection will be sought, a patent application can be filed in the U.S. Patent and Trademark Office up to one (1) year **after** the information is published. Publication can therefore be approved and the patent docket marked to insure that the one (1) year deadline is met.

In most foreign countries, a patent application cannot be filed on an invention after the invention has been published. If a patent is desired in such a country, publication approval must be denied until patent applications are filed.

Delaying approval until applications are filed in each desired country can be avoided if the patent application is filed in the U.S. Patent and Trademark Office before publication. An application must be filed in those countries within twelve (12) months after it is filed in the U.S. Patent and Trademark Office. This procedure is usually controlled by the Patent Cooperation Treaty (PCT) which has most industrialized countries as members. Alternatively, foreign patent protection is available for twelve (12) months after an application is filed under the Paris Convention (PC).

Under either the PCT or the PC, a patent application must be filed before publication or patent rights are lost. There is essentially a twelve (12) month grace period after the patent application is filed to decide if and in which countries to file additional patent applications. During this twelve (12) months, a publication will not bar the additional patent applications. Publication can, therefore, be approved.

The legal department uses, and recommends that you use, the following analysis checklist to determine if trade secrets and confidential and/or proprietary information may be published:

Would publication place the corporation in breach of contract?

- Yes Publication approval must be denied. The publication can only be approved if the other party waives the contractual restriction, in writing.
- No Proceed to the next question.

Does the proposed publication contain trade secrets or confidential and/or proprietary information?

- No Publication approval can be given.
- Yes Proceed to the next question.

Does publication of the trade secrets or confidential and/or proprietary information benefit the corporation?

- Yes Publication approval can be given. Please carefully review the publication to determine if information contained in the publication should be made public or if, for business or other reasons, the information should be kept from the public, particularly competitors. Approval should be given only after a

conscious decision has been made to make this information available to the public.

No Proceed to the next question.

Does the information in the proposed publication comprise a patentable invention?

No Publication approval should be denied. The publication contains only trade secrets or confidential information that should not be disclosed to third parties, in publications or otherwise.

Yes Proceed to the next question.

Has a patent application claiming the invention been filed?

Yes Publication approval can be given but only after the list of countries where foreign patent applications will be filed has been review and confirmed.

No Publication approval must be denied until appropriate patent applications are filed. Proceed to the next question.

Where will patent applications be filed?

U.S. Only

Publication approval can be given. A patent application claiming the invention must be filed within one (1) year after the publication.

U.S. plus One or More Foreign Countries

Publication approval should be given only after a patent application is filed. Consult the legal department to devise a patent filing strategy.

As a reminder, a copy of the completed and signed Publication Approval Form and the publication should be sent to the library for cataloging.

If you have any questions or require any assistance, please contact me at extension 3371.