Tech Law Garden

Patents and Copyrights For Startups

Exclusive Copyright Rights
17 USC § 106

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

Copyright

- In the US and under most countries' laws, copyright vests in the creator of a work of original authorship immediately upon creation of the work.
- Today, most software is originally authored in the form of source code.
- A file full of source code contains an expression of an idea of how to tell a computer to do something written in the programming language selected by the author.
- This is analogous to a poem about a particular topic (e.g. Dickinson, Shelly, Neruda, Bronte, etc. on Death)

Practically Everything Ever Written (or produced) By Anyone is Copyrighted

Example code/Samples

Blog posts

Emails

User Manuals

Instructional Videos

APIs (Maybe – 9th Circuit Oracle v. Google is On Appeal to SCOTUS, other Circuits are currently unknown)

CONSERVATIVE TAKE HOME: Don't use stuff written or produced by others without their permission (permission = email, FOSS license, commercial license, etc.)

Patents – A Property Right

- Patents are based in property law.

- Just like owning property allows you to put up a fence and prohibit others from accessing your property, a patent allows the patent holder to prohibit *anyone* from practicing the patent claims.

Who Holds the Patent Rights?

- It is common to hear named inventors listed on patents say things like, “I have 10 patents” or “I have a patent on that”.
- The patent holder is *ONLY* the inventor if there was not a patent assignment.
- In technology companies, it is usually a condition of employment that inventors *MUST* assign their patents to their employers if the patent is related to the business of the employer.
- So, even if you are a named inventor on a patent, the patent holder is most likely your employer at the time you created the invention, not you.

35 USC §271
Patent Infringement

Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

In the case of software, a license, offer to license, or distribution of software that infringes a patent while it is running is held to be an "offer to sell"

Strict Liability

-Intent does not matter (criminal examples: statutory rape, possession crimes, failure to pay taxes)

-Patent infringement is a strict-liability offense because the defendant's state of mind is irrelevant to the analysis, which involves only comparing the claims and the accused product.

-An infringer's state of mind is only used when determining the remedies.

-Independent development is not a defense

-Not knowing of the existence of the infringed patent is not a defense

35 USC §284 Damages

- Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.
- When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.
- Exceptional cases include not only cases where a court finds willful infringement, but also cases where a court finds bad-faith litigation or inequitable conduct during patent prosecution.

Willful Infringement – Not So Clear

- The *Seagate* court announced a two-part analysis for determining the new standard of "objective recklessness" which is required to find "willful infringement." 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc).
- First, a plaintiff "must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent."
- Next, the plaintiff must show that the "objectively-defined risk . . . was either known or so obvious that it should have been known to the accused infringer."
- The *Seagate* court left it to future litigation to elucidate what actions and evidence will satisfy the two-part test. (In other words, you're going to be late in a lawsuit before you know the answer to this question)
- Relevant Factors: defendant's behavior, sophistication, resources, diligence, and the industry
- Post-*Seagate*, in close cases where defendants have strong, but not winning, arguments on invalidity or noninfringement, plaintiffs now find it especially difficult to prove infringers' willfulness.

Notice Matters

To be liable for Patent Infringement, the infringer must be "on notice" of the patent.

Actual Notice: Filing of an infringement suit, sending patents to engineers

Want to be deposed?

-If you send an email saying, "I'm concerned about these claims in this patent" – you are creating a record that shows you (and thus your employer) were on notice of the patent.

-If someone can prove that you read a third party's patent, arguably you (and your employer) are on notice of that patent

-If you are the named inventor on a patent, you (and your employer) are on notice of that patent

-Constructive Notice: Patent Markings on products or documentation

Some Incorrect Legal Theories

If it's open source, there's no danger of copyright or patent infringement. (Wrong – Danger!)

If we didn't create the technology, we can't be held liable for it. (Wrong – Patents are Strict Liability)

If it's a published standard, there's no patent infringement risk. (Wrong – FRAND, even if it applies, is expensive)

But Company X and Company Y are doing it. (Wrong, Wrong, Wrong)

Best Practices

- Keep doing what you already do – honest, hard, independent work
- Don't plagiarize anything
- Don't independently search and read third party patents in the course of developing technology in similar areas (if your employer decides to hire lawyers to advise on a patent search and/or design-around, the lawyers will review the patents, *not* employees).
- Don't email theories about third party patents. This stuff is *very* complicated and everything that is said about a patent could be (and will be) used against the speaker to try to show the type of factors that a judge can use to award 3X Damages

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Questions?

Please feel free to reach out to me directly at tennille[AT]techlawgarden.com