

# KROGER | BURRUS

MARKET SHARE and ASSET PROTECTION

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## **Intellectual Property Enhancement Strategy**

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# Intellectual Property (I.P.) Enhancement Plan

Use the I.P. Enhancement Plan to identify, protect and enhance the value of the intellectual property related to your product or service. Use this template to begin the process of building your plan.

## Plan Overview

- Identify your existing intellectual property that can be the subject of **Patents, Trademarks, Trade Secrets, and Copyrights.**
- Improve the market's awareness of your company's products and technology assets. Prospective customers and competitors will perceive that your company has something "new and improved" and which therefore enhances its value in the market.
- Take action to monetize the assets through licensing agreements. Protect the assets through cease & desist letters, confidentiality agreements and infringement lawsuits, if necessary.

## Objective

Increase company market share, brand value and gross revenues. Capture and protect the rights to your intellectual property by means of patents, trademarks, trade secrets, copyrights and licensing agreements. Enhance the value of your intellectual property by marketing, advertising and using patent pending, TM and © markings, as well as, securing licensing agreements.

## Types of Intellectual Property

### Patents

Useful, novel, and non-obvious inventions and methods of doing business can be patentable. Examples are machines, articles of manufacture, software, circuits and improvements to existing devices. Patents give the owner the right to exclude and prevent others from making, selling or importing the patented item. Patent rights can be sold, assigned or licensed.

Owners have the right to sue infringers and recover damages for lost profits or reasonable royalties, as well as, costs and attorney fees. Damage calculations derive from an analysis of demand for the product or technology, availability of supply and available substitutes. A competent damage analysis is crucial to a protection strategy.

Preparing, filing and obtaining a patent can take 2 – 4 years, depending on complexity and novelty. An application requires complete disclosure by specification, claims and drawings. Filing and extension of time fees can amount to over \$1,000. Attorney fees can be \$5,000 - \$11,000 depending on complexity and time. Once issued an owner must pay maintenance fees in years 3.5, 7.5 and 11.5 to keep the patent active. However, if the invention was sold or disclosed more than one year ago, then it cannot be patented.

## **Trademarks**

Names, logos, colors or slogans can be trademarks. A sound or a shape can be trademarked. Once established a trademark can last forever. Trademark material can be found among your website content, your sales brochures, your product manuals and other marketing materials. Distinctive shapes (such as the venerable Coke bottle) can be trademarked.

Only the owner of a trademark can file a registration application. A specimen, fee and statement of the scope of the good or service associated with the mark are required to accompany the application.

Marks used across state lines can apply to the USPTO. Marks used solely within a state should apply for state registration of its mark. An affidavit of continued use must be filed at 5 years from filing and renewal fees paid every 10 years thereafter.

## **Trade Secrets**

A secret that gives the owner a commercial advantage over competitors is a trade secret. This can include a method of repairing or manipulating a down-hole tool, a chemical formulation for glue or synthetic rubber, a customer list, a pipe welding technique or an assembly technique. The owner must control access to trade secrets by means of secrecy agreements, non-disclosure agreements, passwords, sign-in sheets, visitor passes, and locking secret files in cabinets. Trade secrets do not have to be filed with the USPTO – they are closely held company assets.

## **Copyrights**

A Copyright gives the owner the exclusive right to publish, perform, copy, broadcast, sell, import and sell a work of artistic or intellectual expression. For individuals that right persists for 70 years, for a corporation author it persists for 100 years. Therefore, it can be very valuable for many years.

Books, computer programs, songs, manuals, advertisements and drawings are copyrightable expressions.

Protection of a copyright is obtained by registering the work the Library of Congress in Washington, D.C. The process takes about 9 months. Benefits of registration are minimum statutory damages, attorney fees and possible federal prison sentence against infringer. Recently, a man from South Korea was sentenced in Seattle to 40 months in prison for selling pirated movies, TV shows, software and workout DVDs.  
<http://www.seattlecopyrightwatch.com/copyright/washington-state-copyright-infringer-sent-to-prison/>

Copyrightable materials prepared by an independent contractor can be “works for hire.” Before the contractor is engaged to prepare the materials ownership of the works should be discussed. An assignment agreement with the contractor should be in place before the copyright application is filed. It is important that the copyrights to the materials be assigned or licensed before they are used in marketing or advertising.

## Licensing Agreements

A licensing agreement allows someone to use certain I.P. or technology on a per unit basis in exchange for a fee, running royalty or percentage of sales. An agreement should have an initial technology transfer fee, a monthly or quarterly royalty fee, and a minimum guaranteed royalty payment due annually. It is important to calculate from gross vs. net sales. Licensing Agreements are not filed with the USPTO or state agencies – they are closely held company assets.

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## An Integrated I.P. Strategy

### Patents

Make a list of all the patents the company currently maintains along with expiration dates and fee payment dates. Scan the marketplace for potential infringing products or technology. Focus on improving your products and technology in a way that novel, unique and non-obvious through consultation with a patent attorney. Actively challenge your employees to think in terms of innovation and reward their efforts. Plan for new patent applications and coordinate use of trademarks, trade secrets and copyrights.

### Trademarks

Make of list of all current trademarks and those of your closest competitors. Actively coordinate the words, shapes, colors, logos and slogans associated with your innovative products or services. Those marks used across state lines should be registered with the USPTO. Those marks used within a state should apply for State trademarks.

### Trade Secrets

Assess your existing products, methods or formulations that are not patentable, but which are important to the company's success. Protect those assets with non-disclosure agreements, confidentiality agreements or secrecy agreements.

### Copyrights

Evaluate the software used to create, test or monitor your products or services for copyright potential. Evaluate marketing or advertising materials for copyright potential, particularly focusing on the patented innovations. Constantly assess your website for original, copyrightable subject matter. Coordinate instruction manuals with your copyright analysis.

Coordinate your enforcement efforts with the **National Intellectual Property Rights Coordination Center (NIPRCC)**, a U.S. government center overseen by U.S. Immigration and Customs Enforcement, a component of the U.S. Department of Homeland Security. The NIPRCC coordinates the U.S. government's enforcement of intellectual property laws. <http://www.justice.gov/dag/iptaskforce/proipact/pro-ip-fbi-report.pdf>

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## Process

### **Identify your Intellectual Property**

- Incentivize your engineers and innovators to write down their ideas for patentable subject matter. Coordinate meeting with your I.P. attorney to sort through ideas. Have interactive, timed "idea events" that challenge innovators to come up with ideas within a time limit with cash paid for each idea.
- Review website, letterheads, trade show materials, advertisements and any promotional materials for words, logos, slogans, sounds and icons already being used by the company. Be aware of new material created every day by innovators.
- Classify devices, programs and marks that have important economic value.
- File at least two device/utility patent applications and one method patent application and one design patent application; five trademark applications and five copyright registrations. Negotiate at least two trade secret agreements and one licensing agreement.
- File at least two provisional patent applications to "hold your place in line" if you don't have enough information/data to make a full disclosure of a fully developed idea.
- Start placing "tm" notice on all printed materials subject to word trademarks.
- Start placing © on copyrighted materials.
- Alert your customers to your intellectual property through your marketing.
- Create a formal idea disclosure program that rewards inventors and pays cash.

### **Retain an Intellectual Property Attorney**

- Use an attorney to help identify your I.P. – Gregory W. Marcum, registered patent attorney at the Kroger Burrus law firm, [Marcum@krogerlaw.com](mailto:Marcum@krogerlaw.com), (713) 961-7952.
- An attorney can help prioritize the I.P.
- An attorney can prepare your patent, trademark and copyright applications
- An attorney can negotiate and draft your license agreements
- An attorney can draft your secrecy or non-disclosure agreements

### **Prioritize your I.P.**

- What I.P. is helping your company generate revenue now?
- What I.P. will be helping your company generate revenue in the future?
- Recognize that some I.P. is stronger than others, i.e. too similar to competitors

### **File Most Important Applications**

- All applications must be actively prosecuted to achieve approval and granting intellectual property rights.
- Prosecution involves responding to Office Actions which try to reject applications. Overcome rejections to reach issuance of a patent or TM.
- Promptly pay all fees to keep the application alive; pay the issue fee; pay the maintenance fees to keep the patent active.

### **Monitor the Market to Protect Your Market Share**

- Monitoring services can be retained to monitor applications to the USPTO so that patent and trademark owners can be alerted when applications are filed for deceptively similar patents or trademarks.
- Owners should actively monitor the marketplace for infringing activities.
- Cease and desist letters should be sent when infringing activities are identified.
- Negotiate settlements, licenses or file infringement actions.

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## **Management Decisions**

- For the Integrated Intellectual Property Strategy to be successful management of the company must understand the value of the plan and commit sufficient resources to make it successful.
- Management should allocate resources to incentivize the innovators in the company who can help create new intellectual property.
- A budget for implementing the plan should be created.
- A projection of expected benefits and revenues should be created.
- Comparison of the budget and the projection should indicate increased value to the company.

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## Project Plan

### Necessary Plan Resources

Resource	Role	Estimated Work Hours

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## Metrics and Expectations

- Protect existing I.P. patents, marks, secrets and copyrights
- Produce at least 3 new patent applications
- Produce at least 5 new trademark applications
- Produce at least 5 new copyright applications
- Produce at least 2 new technology/product licensing agreements
- Produce increased revenue from improved technology, broader market share, increase brand value and license agreements.
- 12 – 18 month timeline for measureable results



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## Approval

**CEO:**

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**Date:**

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**Plan Manager:**

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**Date:**

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**Product  
Manager:**

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**Date:**

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**Project  
Manager:**

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**Date:**

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# I.P. Enhancement Plan Sign-off

The undersigned accept this I.P. Enhancement as described herein.

Signature/Date		Signature/Date	
Signature:		Signature:	
Print first and last name:		Print first and last name:	
Title:	Date:	Title:	Date:
Signature:		Signature:	
Print first and last name:		Print first and last name:	
Title:	Date:	Title:	Date:
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**Note:** Additional signatures might be required if the document changes significantly per the client's request.

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