

Santa Clara University

Entrepreneurs & Intellectual Property





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Intangible Assets

IP	Protectable Matter	Example
Trade Secrets	information that derives value due to secrecy	
Patents (utility)	novel, useful, nonobvious ideas	
Copyrights	original works of authorship fixed in tangible medium of expression	
Trademarks	words/symbols that distinguish the source of marketplace offerings	

Intangible Assets

IP	Registration	Duration	Excludability	Other Pros	Other Cons
Trade Secret	None	Indefinite	None	<ul style="list-style-type: none"> •Can protect any info 	<ul style="list-style-type: none"> •Easy to lose •Messy enforcement
Patents (utility)	Required	20 years	Typically absolute	<ul style="list-style-type: none"> •Strict liability •No exploitation requirement 	<ul style="list-style-type: none"> •Disclosure requirements •Upfront costs •Expensive enforcement
Copyright	"Optional"	>70 years	None in theory; significant in practice	<ul style="list-style-type: none"> •Protects every work 	<ul style="list-style-type: none"> •Only protects expression
Trademark	Optional	Indefinite	Typically by class	<ul style="list-style-type: none"> •Originality not required 	<ul style="list-style-type: none"> •Limited exclusive rights •Influenced by external factors

Intangible Assets

- Many other laws protect intangible assets
 - Minor “intellectual properties”
 - Contract
 - Trespass

IP and Raising Money

- **Disclosing trade secrets without NDA can lead to**
 - Permanent loss of trade secret protection
 - 1 year window to file for US patents
 - Permanent loss of foreign patent rights
 - Competitive misuse
- **Ideal: every potential investor should sign pre-pitch NDA**
- **Reality: many investors won't sign NDAs**
- **Possible solutions:**
 - Apply for patents pre-pitch
 - Don't tell potential investors anything secret
 - Ignore the problem
- **EVEN THE BEST NDA ISN'T THAT HELPFUL IN LITIGATION**

Selected IP Gotchas

- Most non-compete agreements are void in CA
- Founders generally own their pre-incorporation efforts
- Employees own patent rights w/o written assignment agreement
- Independent contractors own all IP they create w/o written assignment agreement
- Copyright assignments/exclusive licenses must be in writing
- Get domain names early

Standard Toolkit of IP Agreements

- Founder IP transfer agreements
- Employee Proprietary Information and Inventions Agreement
- Independent Contractor Services Agreement
- Mutual NDA
- One-way NDA