

IP & Privacy for Start-ups

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[Comments are Sara's personal views and do not represent LinkedIn's views]



A close-up photograph of a claw hammer with a black handle, positioned as if about to strike a 3.5-inch hard drive. The hammer's head is raised, and its curved claw is aimed at the top of the drive. The hard drive is open, revealing its internal components, including the platters and the actuator arm. The background is a plain, light gray.

\$845,000,000

How to Crater Your Company

1. Create cool technology
2. Blindly join a standards body. (You've licensed your patents to everyone you care about)
3. Everyone uses your technology and no one pays you

We will cover

Intellectual property

- What it is
- Why it might matter

Data Protection and Privacy

- What it is
- Why it might matter

Ten tips for start-ups



IP Rights: What it Is - Creations vs Things

Most common

Trade Secret	Secret biz advantage
Copyright	Expression by authors
Trademark	Brand of goodwill
Patents	Inventions by inventors

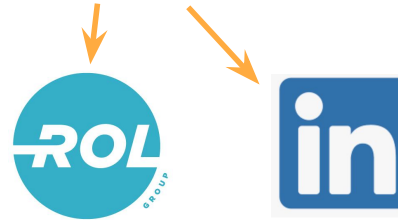
Trade Secret



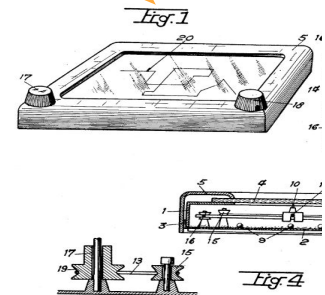
Copyright



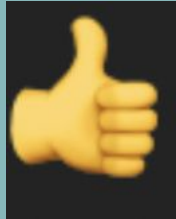
Trademark



Patent

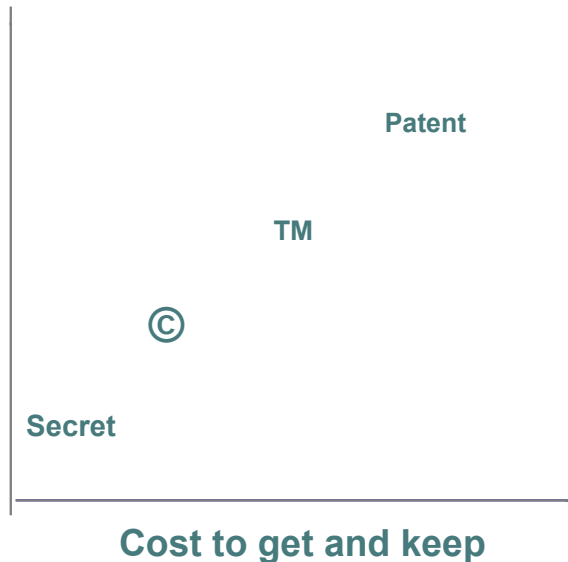


**Raise your Hand/Thumb if you plan to
get a patent?**



IP: Worth it?

	Trade Secret	Copyright ©	Trademark ®	Patent
Protection	Lowish	Some	Some	Real
Get	Low Effort	Lowish Effort	Some Effort	Real Effort
Keep	Some Effort	Low Effort	Some Effort	Some Effort
Enforce	Some Effort	Some Effort	Some Effort	REAL Effort
Defend	REAL Effort	Some Effort	Some Effort	REAL effort



- Theft of your ideas
- Copying of your products
- Pretending to be you

Assertions that you infringe other people's IP

IP: Why it Might Matter

Exclusive right to “Do”

- Stop others
- Enable others

This means it might help you get into and keep a market or leverage a market. **(Investors like that)**

Legally recognized property

- Different by country

This means you are accumulating assets that can be sold or monetized separate from a business model. **(Investors like that)**

Different types

- Rights
- Effort to get
- Effort to keep
- Effectiveness

This means it's good to have a base understanding of what they are and how you are going to invest your time and money. **(Investors like that)**

How much investors care may depend on stage of investment, how important IP is to your market, and whether IP is a big risk to your market (freedom to operate).

Data Protection and Privacy - What it Is

Personal data

- Any data that can be used to identify/distinguish a person
- Different by country/region

Security

- Different by data type
- *Appropriate technical and organisational measures to ensure an appropriate level of security*

Clarity, consent and control

- Data you collect
- How you use it
- Where you store it
- Who you share it with



*

More and MORE on the way



Data Used to Track You

The following data may be used to track you across apps and websites owned by other companies:

- Location
- Contact Info
- Browsing History
- Identifiers
- Usage Data



Data Linked to You

The following data may be collected and linked to your identity:

- Purchases
- Financial Info
- Location
- Contact Info
- User Content
- Search History
- Identifiers
- Usage Data
- Diagnostics



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Data Not Linked to You

The following data may be collected but it is not linked to your identity:

- Diagnostics
- Other Data

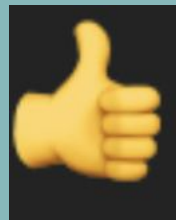


Data Not Linked to You

The following data may be collected but it is not linked to your identity:

- User Content

Raise Your “Hand/Thumb” if you have ever read a “Privacy Label”?



Apple Music's privacy label.

Spotify's privacy label.

Privacy Rights - Why it Matters

Regulators care

- Alphabet soup of regulations
 - GDPR includes potential for 4% global revenue penalty.
 - HIPAA (health data)
 - FERPA (student data)
 - FTC and State Attorney Generals
 - CA privacy law
 - ...

Customers/Users will care

- If you are “processing” data that they are a “controller” of:
 - Diligence your practices
 - Require contractual terms

Trust

- Success may depend on a trusted brand
 - Privacy and security build trust



IP and Data - More on why it matters

Investors Care

- Diligence before investment
- Funding lawsuits and penalties vs. growth

Employees and Partners May Care

- Privacy as a personal value
- Contributing back to IP Community



Top 10 Tips for Early Stage Tech Companies



Tip # 1 Understand How Your Lawyer Thinks?



Lawyers will absolutely fight for you!

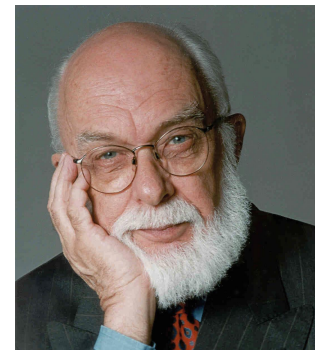
- Scrappy and not afraid of hard negotiations/conversations
- Can figure out complex systems to your advantage
- “Always fighting for you” may not always be good for you

Lawyers are skeptical

- We are skeptics and you want that
- Things never go exactly the way you think - lawyers see other paths
- You will be UNCOMFORTABLE!

Finding a “good” lawyer

- Friends and advisors
- Interview two before picking
- Good lawyers help you make informed decisions around risk
- The best lawyers don’t just agree with you



https://en.wikipedia.org/wiki/James_Randi

Tip # 2 Spend Wisely



Standard

- NDA
- Employee assignment
- Contractor agreements

Not standard

- Privacy policies / cookie policies / user agreement
- University licenses
- Patent filings

Strategic

- Strategic procurement
- Patent strategy
- Trademark strategy
- Joint development / partnering



Tip # 3 Leave the Past Behind

Clean separation from prior employers

- No using prior employer's equipment, confidential information or time
- Terminate employment first, esp. if new company relates to prior employer's business – clean timeline
- Don't use university or government resources (personnel, labs, equipment, etc.) without understanding IP consequences



Tip # 4 Get it in Writing



Agreements

- Founders | advisors | employees | contractors | tester
- For IP, we mean “Writing”

Own it

- Just because someone works for you, you may not own it
- Get an assignment (not work for hire)

Keep it

- Digital copies



Tip # 5 Deal With It



Inbound happens

- If you are successful, you will have some IP related dispute
- Don't ignore threats or accusations of infringement (that includes open source)

Notice has consequences

- What will you tell investors?
- Willful patent infringement

What does winning mean to you?

- Some fights are worth having, some are not



Tip # 6 Watch Out For It!



Security incidents

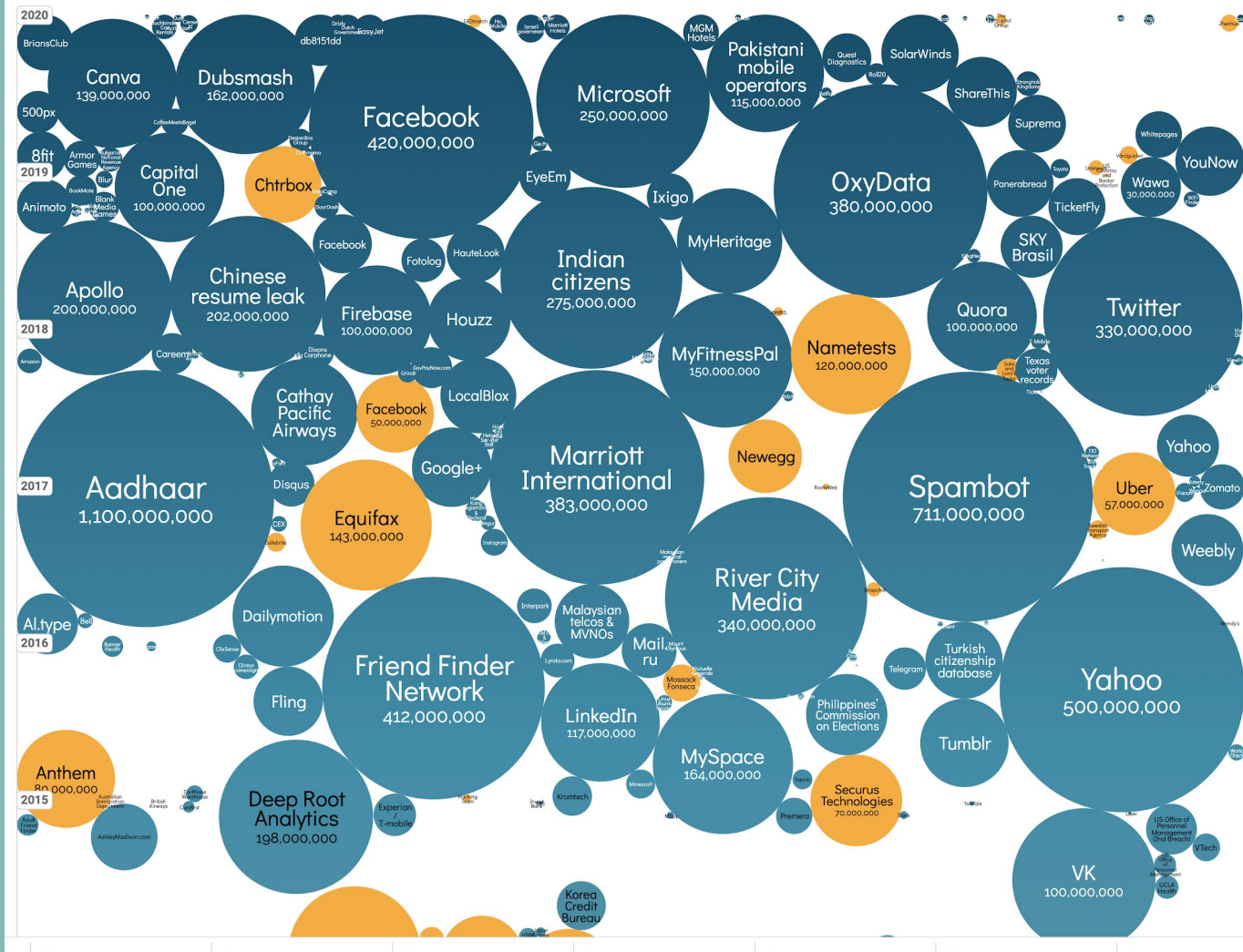
- Knowing it happened (looking for it)
- Knowing what to do (runbook)
- Knowing who to tell (24-72 hours)

Trusting others - using cloud services

- Their security (notice, audit)?
- How will they use your data- for their own purposes?
- How do you get it back?
- Where do they keep it?
- What if governments want it?



**Raise Your
“Hand/Thumb”
if you have
NEVER had
your personal
data subjected
to a security
breach?**



Tip # 7 Avoid a Mess

Ownership is good

- Owning is nice
- Owning is not always necessary

Joint ownership is messy

- Different owners = different goals
- Different rules for different IP (e.g., patent vs. copyright)
- Different rules in different countries



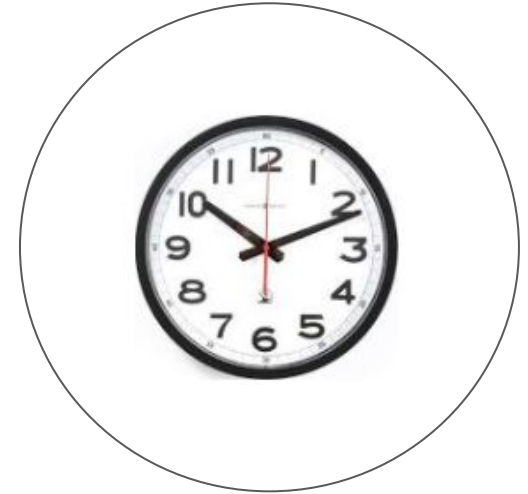
Tip # 8 Watch the Clock

Patents have deadlines

- U.S. patent applications
 - Public use or disclosure
 - Sale or offer for sale
 - One (1) year “grace period” but risk of any delay
- “First to File”
 - File early
 - Describe lots of vertical applications, alternatives

Beware provisional applications

- Often treated as a shortcut
- Same legal standard for technical disclosure and detail as regular patent applications
- May give false sense of security and protection resulting in loss of rights and opportunity



Tip # 9 Stay Free!



Freedom to do what you want!

- Most Favored Nation (MFN)
- Right of First Refusal (ROFR)
- Exclusivity

Cost free is not always freedom

- Open source
- Freemium services

Level playing field

- Covenant not to sue
- Feedback and Improvement Licenses
- Surprise! – did you read that pre-2017 AWS hosting agreement?



Tip # 10 Privacy Please

Personal data - everywhere

- Employees
- Customers and Users

Privacy practices

- Legal basis: consent (opt-in), contractual necessity and legitimate interest (notice and opt-out)
- Key Data Subject rights:
 - Access and Info
 - Object and restrict
 - Fix and erase
 - Take
 - Limit automated decisions

PbD - design for deletion and minimal use

- By design - from concept to end of life
- By default - minimize data collection and use
- By documentation - track it and reasons for it



BONUS Tip # 11 Keep an Eye on the Exit



IPO or change of control?

- Assignability of your contracts?
- Spin outs?







Extra

Should I sign that NDA?

- Non-disclosure agreements (NDA)
 - Mutual NDA or one-way?
 - Disclosing and/or receiving?
 - Confidentiality clauses in other agreements are like mini NDAs
- NDA considerations:
 - Definition of confidential information/marketing - Broad? Clear?
 - Scope of permitted use – is there a limit?
 - Time - How long do the Confidentiality Obligations last?
- Even if you didn't sign, there may be an obligation of confidentiality under the circumstances
- The world will not end if you do not sign their lobby NDA – **READ IT!**
- Investors might not be under NDA and/or might refuse to sign
 - Be thoughtful what you disclose: they can talk to others



Privacy by Design (PbD)

- Data minimization (just what you need)
 - Do you need all of that data?
- Access control (just who needs it)
 - Do we have appropriate security?
 - Do we have training and awareness about what is ok or not?
- Privacy by default
- Privacy by design
 - Clear what you are collecting, how you will use it, how they can exercise data subject rights (export, review, modification, deletion, etc.)
 - User Controls
 - Opt-outs or revocation of consent
 - Choice about how it will be used (restrict processing)
- Privacy by DOCUMENTATION (Art. 30 ROPA)



Open Source 101

- Potential pitfalls of open source licenses:
 - Typically no warranties/indemnities, so no remedies if:
 - Code isn't owned by licensor(s)
 - Code infringes other intellectual property
 - Code doesn't function as intended
 - Typically no support or maintenance
- Comes with strings attached (e.g., GPL):
 - All modifications to open source must be distributed
 - All third parties must be permitted to make unlimited copies, modify and make derivative works, and redistribute for free
 - If any GPL code is combined with another program, the entire program may become subject to the GPL ("viral" effect)
 - Distribution of GPL code may result in inadvertent license grant under other Company IP (e.g. patents)
- Obligations may apply to SaaS
 - Affero GPL, MongoDB (Server Side Public License), Redis (SSPL), etc.



Trade Secrets

- Definition:
 - Formula, pattern, complication, program, device, method, technique, or process
 - Independent economic value
 - Value from not generally being known
- Must use reasonable efforts to maintain secrecy (if you aren't trying to keep it a secret why should a court think you are damaged by its use or disclosure?)
 - Reasonable measures: employee training, security (sign-in, badges, restricted access, locks, fences), marking documents; NDAs
- Right to be seek redress for “misappropriation”
 - Rules vary by state (MA, NC, NY, TX have NOT adopted Uniform Trade Secret Act) – **US DTSA recently enacted and EU law**

Trademarks and Domains

- Mark is a word, name, phrase, symbol, design, or combination
 - Other distinctive items can be marks
 - Sounds, scents, colors
 - Non-functional aspects of trade dress
- Identifies and distinguishes source
 - Symbolizes goodwill of source
 - Right to prohibit others from using same or confusingly similar mark
- Registration optional
- Confusion means infringement
- Domain Names are not always trademarks, likely just an address



Copyrights and Databases

- Requirement
 - Protects “works of authorship”
 - Software is a work of authorship
 - Must be “original” expression (low threshold of creativity)
 - Must be “fixed in a tangible medium of expression”
 - Cases say RAM is sufficient
- Rights
 - A competitor can copy the idea, but not the expression
 - Exclusive rights: reproduce, distribute, prepare derivative works, perform, display
- Registration: Not mandatory, but required to enforce
- Database Rights are distinct rights in some countries “sweat of brow”

Patents

- Government-Granted Right
 - For inventions
 - New and useful
- 20 year term from filing
- Exclusive right to stop others from making, using or selling
- Issued by individual countries and have only national effect
(Filing in the US doesn't help you against someone making and selling in China)

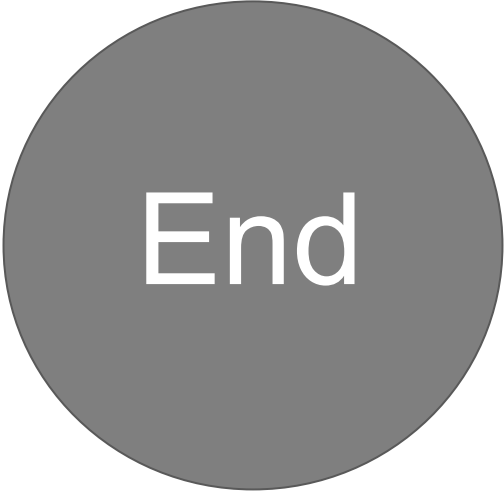
Patent Strategy

- Your market and IP
 - How will you make money now, 5-10 years from now? Products, services, partnerships?
 - What does the TAM look like?
 - How will you want to use your patents?
 - How much does freedom to operate matter? When?
- For most start-ups, patent strategy = executing to a couple tasks
 - Most common high tech patent strategy
 - File a very descriptive patent application
 - Includes your big ideas and lots of variations
 - VARIES BY CIRCUMSTANCES and INDUSTRY
 - Medical device, biotech, chemical have different strategies
 - 12 month budget:
 - 1-2 filings, including 1 big one
- **Best Start-up Patent Strategy: Be phenomenally successful in your business and, oh yeah, have a couple patent filings**



Patent Filing Basics

- What should be in my patent application? How broad should it be?
 - Important aspects of your invention
 - Cover not only your expected use, but also extensions, alternatives, permutations, vertical applications
 - Future protection available for what was written in the application
 - Must have enough description to enable one of skill in the art to practice your invention (but not every conceivable step or detail)
 - Data increases likelihood that you will obtain a patent
 - Potential partners may file their own “improvement” applications
 - Frequently the commercially important embodiments
 - See above – “IP Due Diligence” and “Confidentiality”
- Attorney explains what you are claiming before filing
 - Claim 1, element by element review



End