

### ***PRE-PATENT PLIGHTS***

Inventions can be extremely valuable, yet it is impossible, and in most cases premature, to apply for a patent the moment it is conceived. For example, time may be required to develop the nascent invention into a fully-fleshed out system or method (i.e. enabled), to evaluate its market potential, and to determine whether it can be manufactured and ultimately sold at a price point that would support a business. For these and other reasons, weeks, months, or even years may pass before you are ready to file for patent protection.

### ***TRADE SECRETS***

While you may not be ready to proceed with a patent filing right away, it is never too early to seek the advice of patent counsel and there are many steps that you can take even on your own to protect your rights. For instance, Trade Secrets can be used without any formal government filing being required.

Trade Secrets are an important type of Intellectual Property (IP) that allows individuals and organizations to retain exclusive rights to their inventions. Generally, a Trade Secret must: 1) be secret, 2) have commercial value due to its secrecy, and 3) the secrecy must be reasonably protected. The reasonableness of any protective measures is judged according to the value of the Trade Secret, with very strong measures being required for those that are particularly valuable. A public disclosure ends protection, and makes the invention available to all. Trade Secrets, if they satisfy the three requirements above, can be a basis for misappropriation actions against infringers in the US and abroad.

In some cases, Trade Secrets can provide ongoing protection on their own while, in others, they are a short-term precursor to patent protection. In even other cases, Trade Secrets can be used in conjunction with patents to protect aspects of the invention, i.e. know-how, that may not be needed to practice it, in its most basic form, as such information is required to be disclosed in any patent filing, but that nevertheless increase the value of the invention and give the owner an advantage in the marketplace. Documentation during the pre-patenting stage is essential to prove the lineage of company information as Trade Secrets and as the basis for later patents.

Where the details of the invention are apparent from an inspection of a product or method embodying the invention, keeping the invention a Trade Secret indefinitely would not be a viable strategy. However, where the details of the invention can remain a secret indefinitely, a Trade Secret, which has no fixed expiration date, so long as the Trade Secret remain a secret, can be the better choice. For instance, the recipe for

Coca-Cola® is a Trade Secret of enormous value, exceeding that even of a patent by allowing a monopoly on the invention (i.e. the recipe) to continue indefinitely.

A secret-secret is no secret, however. More specifically, if Trade Secret information is provided to individuals who are not aware of the confidential nature of the information, it would lose its status as a Trade Secret. Such individuals need to know, and, practically speaking, agree to in writing, the confidential status of the information conveyed to them. This is generally where Nondisclosure and Employment Agreements come into play.

### *NONDISCLOSURE AGREEMENTS*

Nondisclosure Agreements (NDAs) are typically used to deal with the disclosure of information and inventions, including Trade Secrets, that have already been developed. NDAs need to be signed, specifically identify the confidential information to be shared under the agreement, identify the reason(s) the parties to the agreement have decided to share the information, and be of a reasonable term to be enforceable.

### *EMPLOYMENT AGREEMENTS*

In contrast, Employment Agreements are typically forward-looking, addressing inventions and proprietary information that the employee may develop during their employment. Employment agreements should address the role of the putative employee, their handling of confidential information, define the ownership of intellectual property that may result from activities of the employee during the course of their employment, and address any limitations on work for competitors (i.e. non-compete clauses). Non-compete clauses, to be enforceable, should be drafted in a manner that does not prevent the employee from engaging in gainful employment in their field for a lengthy period (more than 1-3 years, depending on context and jurisdiction). Furthermore, agreements with all participants in a given project that may lead to the generation of intellectual property, including students and consultants, is a best practice.

NDAs and Employment Agreements are governed by state law. For this reason, it is best to consult with an attorney licensed to practice in the state you are operating in to draft agreements that would be enforceable in your jurisdiction.

### *PUBLIC DISCLOSURE - GRACE PERIOD*

Where a decision is made to protect the invention using patent(s), one relatively common situation that can occur is the inventor making a public disclosure of the invention, such as by presenting at a trade show. While this would be problematic in many countries, the US offers a “grace period” for public disclosures of the inventor or that are derived therefrom. More specifically, an inventor’s disclosure cannot be used against them during the patent application process, which is also referred to as patent prosecution, in the United States, for one year after a public disclosure of the invention.

After the grace period, the obviousness and novelty of the invention, both of which are required to be shown to have the patent application granted, would be judged against the applicant's own public disclosure, generally preventing issuance of a patent covering the invention.

### *FOREIGN JURISDICTIONS*

In most foreign jurisdictions, this standard is even stricter, with any patent filing needing to be completed **before** the public disclosure. Additionally, while the one-year grace period protects the applicant from their own disclosure(s) and those of third parties that were derived therefrom, it does not prevent publication of details of the invention by a third party, where those details were independently invented, from being used to show obviousness of the invention, since the United States and most foreign jurisdictions award a patent to the first inventor to apply. For these reasons, the determination of which countries you would like to protect your invention in must be made prior to any public disclosures. Even where only the US is of concern, the date of the disclosure and associated one year filing deadline must be noted to avoid a loss of rights.

### *PUBLIC USE OR EXPERIMENTAL USE*

Another special situation that can occur is the public use of the invention that is still being developed. In some cases, this use may be considered experimental and not a public disclosure that would trigger the start of any grace period. The availability of the so-called experimental use exception is very fact specific, however, and even a secret/private offer for sale can trigger the statutory bar. Especially here, a patent attorney can assist.

### *EDUCATION INSTITUTION RIGHTS*

While there are several special situations that arise, there are also special categories of inventors. One such special category of inventor is the student or faculty inventor, due to the involvement of their educational institution, who likely will have rights to the invention. The delicate balance of academic publication versus confidential control for patent protection can be achieved, but requires careful timing to stay within the aforementioned grace period and retain the ability to file for patent protection. For these reasons, a discussion with your organization's technology transfer office and/or outside counsel is suggested as soon as practicably possible, certainly in advance of any public disclosure, the date of which should be noted for purposes of ensuring that any patent filing is made no more than one year thereafter.

### *GOVERNMENT CONTRACT REQUIREMENTS*

As if the added layer of educational institutes was not enough, much academic research also entails government funding. Under the Bayh-Dole Act, most government contracts **require** filing patent applications on inventions derived from their funding if the

contractor wants to keep title to the subject invention. This can include defense-related contracts and encompass subcontracted consultants' work as well. Obviously, a contractual requirement to apply for a patent on government-funded research results requires filing a patent application, but there can be routes to Trade Secret protection on aspects that were independently funded or are ineligible for patent protection.

Achieving business objectives in these scenarios requires advance and ongoing attention. This includes clearly segmenting and documenting invention ideas to avoid ownership questions and define responsibilities. For instance, if government funding is used the Bayh-Dole Act requires disclosing every subject invention for which the applicant intends to file a patent, within two months, electing title within two years, and filing within one year, or sooner if there are statutory bars. A review of your specific contractual obligations as well as those imposed by the default provisions of the relevant statutes by counsel is suggested where such a situation arises.

### *CONCLUSION*

In conclusion, to ensure that your organization is able to protect its intellectual property worldwide, your pre-patent filing strategy should get as much deliberate consideration as the patenting path itself and Trade Secrets, which can fill an important niche in a company's IP portfolio, should be strongly considered alongside patent filings. Additionally, IP counsel should be consulted with early in the process, in advance of any public disclosures of the invention or offers for sale.

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547 Amherst Street - 3rd Floor • Nashua, NH 03063-4000 • Office: 603.886.6100 • Fax: 603.886.4796