

Agreements — An Important Aspect for Protecting Your Intellectual Property

IN TODAY'S WORLD, A COMPANY NEEDS TO HAVE AGREEMENTS IN PLACE IN ORDER TO PROTECT AND ACQUIRE ASSETS AND MAKE MONEY FROM INTELLECTUAL PROPERTY.

By *Barbara Campbell*

Gone are the days of doing business on a handshake. Sure, some people or companies like to do business this way, but when things go bad between two parties, do you really want to rely on a “he said, she said” type of situation?

In today's world, a company needs to have agreements in place in order to protect its assets, acquire assets, and make money from its intellectual property. Far too often, we see agreements as an afterthought for many companies, when they should be one of the first things a company thinks about when developing an intellectual property portfolio. A company should have a licensing strategy for every step of the development of an intellectual property portfolio, as we have indicated below.

Please note that because agreements are contracts, they are creatures that are governed by state law, so state law would determine the enforceability of an agreement (unless the agreement will be governed under a country outside the United States). Please also note that the following types of agreements are not an all-inclusive list.

Protecting Intellectual Property Created by Employees

At this point, your company may have trade secrets (confidential information that is not generally known to the public) or research and

development that may develop into various types of intellectual property. In order to protect this intellectual property, many companies have the following types of agreements:

- **Non-compete agreements**, which can protect a company by limiting the place/scope/time of work for a former employee with a new company (please note that the enforceability of a non-compete agreement or clause varies from state to state).
- **Employment agreements**, which typically have specific intellectual property provisions stating that all work done by the employee using company resources and/or on company time shall be wholly owned by the company.
- **Assignments**, which add another layer of protection to ownership of intellectual property. For example, if you file a patent application, be sure that the employee/inventor immediately executes an assignment of the invention to the company and that this is recorded with the United States Patent and Trademark Office and/or other applicable government entity if the invention will be filed outside the United States. Being vigilant in obtaining assignments is key to keeping control of your company's intellectual property.

Protecting Intellectual Property from Third Parties

Licensing your invention to third parties is the typical way for a company to turn a profit

on its invention. To do this, you want to make sure that you have some or all of these agreements in place, depending on what stage of the licensing negotiation you are in with the third party. These can include:

- **Confidentiality/Non-Disclosure Agreements** (or “NDAs”). If you are negotiating with a third party, have these in place before disclosing any proprietary information and/or trade secrets.
- **Material Testing Agreements** (or “MTAs”). These allow for controlled testing of your invention or material by a third party.
- **Production Agreements/Propagation Agreements**. These allow for third parties to produce and propagate your material, respectively.
- **Commercial Licensing Agreements**. These typically allow for a third party to use, make, and sell your invention or material to third parties.

Examples of Important Agreement Areas

Although an agreement as a whole is important, there are a few key areas in agreements that seem to consistently be problematic.

- **Definitions**. It is important that you have clear and concise definitions for key terms in an agreement. For example, is the invention or material that is the subject of the agreement clearly defined? Not having clear and concise definitions

may lead to future ambiguity.

• **Termination.** One of the most important aspects of an agreement is the termination section. How do you want the agreement to be terminated in case things don't work out? Can the

agreement be terminated by both parties? In what scenarios can the agreement be terminated?

• **Term.** What is the duration of the agreement? Do you want the agreement to be automatically renewed, and if so, for how long?

• **Governing law and venue.** Under what state law should the agreement be governed and if there are any disputes in the agreement, where will those disputes be handled?

• **Royalties.** How and when will royalties be collected under the agreement?

• **Ownership of future intellectual property.** Who will own any new intellectual property created under the agreement? Who will pay for this intellectual property?

• **Non-exclusivity/exclusivity.** Will you be licensing the subject of the agreement exclusively to one party or to multiple parties?

• **Territory.** Where can the subject of the agreement be tested, made, produced, and/or sold inside or outside the United States?

• **Assignability.** Can the agreement be assigned to another party? That is, if one party for example, gets bought out by another company, is the agreement still in force?

The above types of agreements are just examples of what a company may encounter when having intellectual property and licensing that particular intellectual property. Contrary to belief, there isn't a true template of each of the agreements that would satisfy every party and every situation. Truth is, every licensing situation is unique and therefore, every agreement should also be unique and tailored to the particular parties and situation. Because of the potential legal complications involved with agreements, it is prudent to consult with an attorney when creating/drafting/reviewing agreements. [E]

Barbara Campbell is a patent attorney at Cochran Freund & Young LLC in Denver. Barbara has several years of experience in prosecuting agriculture and biotechnology-based patents, plant patents, United States Plant Variety Protection, plant breeders' rights and trademarks throughout the world. She can be contacted at 303.861.2900 or barbc@patentlegal.com.

Dramm ColorStorm™ Professional Hose



Bright Yellow For a Reason



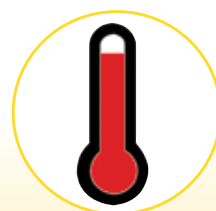
Crush Proof



Sure-Grip™



Kink Resistant



Hot Water to 160°

Dramm ColorStorm Professional Rubber Hose.
Durable • Flexible • Visible

Because quality in hand watering starts at the tap.

DRAMM

Integrated Plant Health
information@dramm.com

www.dramm.com
920.684.0227

Write in 781