

# Who Owns What and How Do You Protect It?



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**Boyle Fredrickson**  
May 15, 2015



## What Do You Want to Own?

- Inventions
  - Created by Employees
  - Created by Hired Consultants, Engineering Firms, Joint Venturers, Other Third Parties
- Writings, Drawings (Logos, Graphics), Photos, Videos, Music, Software
  - Created by Employees
  - Created by Hired Consultants, Free Lancers, Artists, Musicians, Software Developers
- Trade Secrets, Confidential Information and Know How
  - Created by Employees
  - Created by Third Parties (e.g., Other companies, vendors, consultants, joint venturers)



## Employees

### – Employment Agreements

- Agreement, at time of hire, that has assignment and confidentiality obligations. (May also want some type of non-compete obligations and conflict of interest rules).
  - *No special consideration needed.*
- Agreement after hire.
  - *Need some form of consideration. Continuation of employment is consideration. (Runzheimer Int'l, Ltd. v. Friedlen, Wis. S. Ct., April 30, 2015 – agreeing with the majority of states who have considered the issue).*

**Business Ideas.** The term “Business Ideas” as used in this Agreement means all ideas, inventions, data, software, developments and copyrightable works, whether or not patentable or registrable, which Employee originates, discovers or develops, either alone or jointly with others while Employee is employed by the Company *and for one (1) year thereafter and which are (i) related to any business known by Employee to be engaged in or contemplated by the Company, (ii) originated, discovered or developed during Employee’s working hours, or (iii) originated, discovered or developed in whole or in part using materials, labor, facilities, Confidential Information, Trade Secrets, or equipment furnished by the Company.*

## Invention Assignment Restrictions

- *Several states (Illinois, Minnesota, Utah, North Carolina Delaware, Kansas and Washington) have restrictions on what an employee can be compelled to assign to his or her employer:*

(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, *unless* (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer

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**Trade Secret Information.** For purposes of this Agreement the term "Trade Secret" or Trade Secret Information" shall have that meaning set forth in the statutory law of the State of Wisconsin (currently Section 134.90(1)(c), Wis. Stats.) which currently is: [I]nformation, including a formula, pattern, compilation, program, device, method, technique or process to which all of the following apply:

1. . . .
2. . . .

These two categories of information are deemed by the Company, and acknowledged by Employee, to specifically include all Company-created computer source code, *and any confidential information received from a third party with whom the Company has a binding agreement restricting disclosure of such confidential information.*

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	<h1 style="text-align: center;">Employees</h1>
	<ul style="list-style-type: none"> <li>• No Agreement with Employee <ul style="list-style-type: none"> <li>– Inventions</li> <li>– Shop Rights – A non-exclusive, royalty free license personal to the employer <ul style="list-style-type: none"> <li>• Hired to Invent?</li> <li>• On Company Time?</li> <li>• Using Company Resources?</li> <li>• Related to Company Business?</li> </ul> </li> <li>– Full Ownership? <ul style="list-style-type: none"> <li>• Based on Trade Secrets?</li> </ul> </li> <li>– Joint Ownership?</li> <li>– Exclusive License?</li> <li>– No Ownership?</li> </ul> </li> </ul>



	<h1 style="text-align: center;">Employees</h1>
	<ul style="list-style-type: none"> <li>– No Agreement with Employee <ul style="list-style-type: none"> <li>• Writings, Drawings (Logos, Graphics), Photos, Music, Software <ul style="list-style-type: none"> <li>– <i>Full Ownership, Joint Ownership, Nothing?</i> <ul style="list-style-type: none"> <li>• <i>Hired to Create?</i></li> <li>• <i>On Company Time?</i></li> <li>• <i>Using Company Resources?</i></li> <li>• <i>Related to Company Business?</i></li> </ul> </li> </ul> </li> <li>• Trade Secrets, Confidential Information and Know How <ul style="list-style-type: none"> <li>– <i>Trade Secrets are automatically protected</i></li> <li>– <i>No obligation to keep merely confidential information confidential</i></li> <li>– <i>No obligation to keep non-trade secret or non-confidential know how confidential</i></li> </ul> </li> </ul> </li> </ul>



	<h2 style="text-align: center;">Third Parties</h2>
	<ul style="list-style-type: none"> <li>– No Agreement <ul style="list-style-type: none"> <li>• Inventions <ul style="list-style-type: none"> <li>– Possible implied license to make, use or sell consistent with understood purpose</li> <li>– No implied right of ownership</li> </ul> </li> <li>• Writings, Drawings (Logos, Graphics), Photos, Video, Music, Software <ul style="list-style-type: none"> <li>– Implied license to use consistent with understood purpose</li> <li>– No implied right of ownership <ul style="list-style-type: none"> <li>• Ownership transfer must be in writing</li> </ul> </li> <li>– May have issues with use likeness of individuals in photos <ul style="list-style-type: none"> <li>• Crowd Shot</li> <li>• Discernable identity(ies)</li> </ul> </li> </ul> </li> </ul> </li> </ul>

	<h2 style="text-align: center;">Third Parties</h2>
	<ul style="list-style-type: none"> <li>– No Agreement <ul style="list-style-type: none"> <li>• Trade Secrets, Confidential Information and Know How <ul style="list-style-type: none"> <li>– Implied right to use</li> <li>– No implied right of ownership</li> </ul> </li> </ul> </li> </ul>

## Third Parties

- Agreements
  - Inventions
    - *Joint Development, Consulting, Product Development Agreements*
      - Ownership
        - Joint
          - *Patent filing and prosecution rights*
          - *Litigation rights*
        - Full
      - License Rights
        - Types – Exclusive, Sole, Non-exclusive
          - Term
          - Field of Use
          - Channels of Trade
          - Territory

**Assignment.** Consultant acknowledges that any and all copyright, patent, trade secret, and all other intellectual property or other rights developed by Consultant in accordance with this Agreement shall be vested solely in Company and Consultant hereby agrees to and does hereby assign all such rights to Company. Consultant agrees to execute and deliver at the request of Company, all papers, instruments, and/or assignments, and to perform any other reasonable acts Company may require in order to vest all right, title, and interest in Company, including cooperation in the prosecution of any applications therefor. Notwithstanding the foregoing, all pre-existing rights in any Ideas are retained by Consultant.

**Ownership of New Technology.** Any New Technology made or developed by either party during the term of this Agreement shall belong to the party making or developing such technology, except that any such new technology relating to the Instrument Technology shall belong to Company A, even if developed or made by COMPANY B, and any such new technology relating to the Communication Technology shall belong to COMPANY B, even if developed or made by Company A.

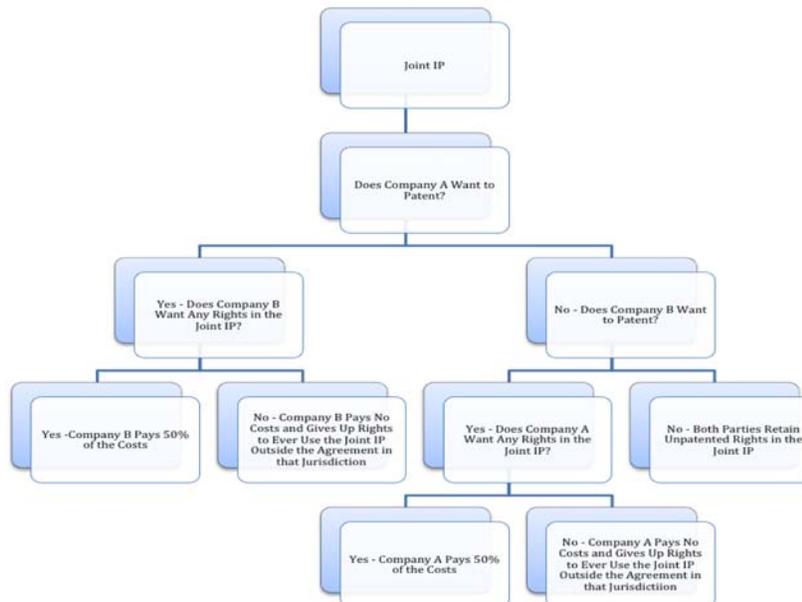
**Non-Exclusive.** Notwithstanding anything to the contrary in this Agreement, Consultant shall not be precluded from developing for or selling to, any third party, any products which do not conform to the Final Product Specifications or the development and/or manufacture of which does not involve the use of Company's Proprietary Information

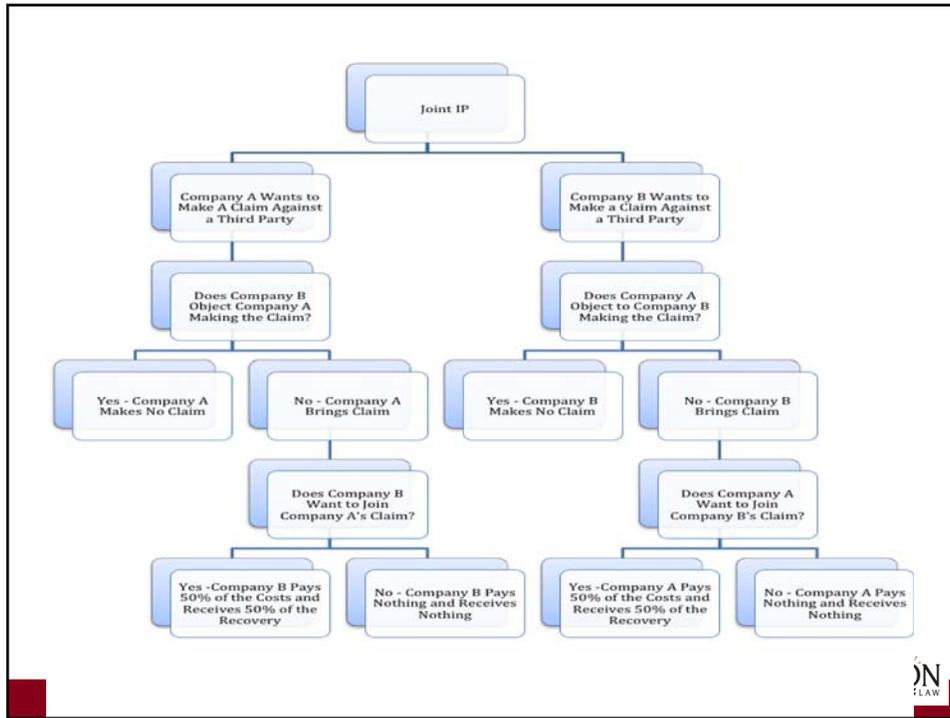
**Non-Compete.** Consultant agrees not to develop, improve, modify or manufacture any products that are identical or substantially similar to the Products for anyone other than Company, for a period of two (2) years after completion of any Project or the provision of Services hereunder.

**Continuing Business Ideas Obligations.** Any Business Ideas conceived, authored, or developed by Consultant within one year after the end of employment by, or consultation for, Company, relating to business carried on or contemplated by Company during Consultant's time as a consultant or employment, shall be promptly disclosed by Consultant in writing to Company and be presumed to have been conceived during Consultant's time as a consultant of Company and unless otherwise proven shall be the exclusive property of Company.

## **Developer Assignment Obligations.**

Developer shall ensure that any employees or third parties it engages to perform work in connection with the Services are under an obligation to assign all Intellectual Property Rights to Developer and/or Company commensurate with the obligations herein.





	<h2>Third Parties</h2>
	<ul style="list-style-type: none"> <li>- Agreements             <ul style="list-style-type: none"> <li>• Writings, Drawings (Logos, Graphics), Videos, Photos, Music                 <ul style="list-style-type: none"> <li>- Ownership                     <ul style="list-style-type: none"> <li>• Joint</li> <li>• Full</li> </ul> </li> <li>- License Rights                     <ul style="list-style-type: none"> <li>• Types – Exclusive, Sole, Non-exclusive                         <ul style="list-style-type: none"> <li>• Term</li> <li>• Field of Use</li> <li>• Channels of Trade</li> <li>• Territory</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> </ul>

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**All Business Ideas which are, or form the basis for, copyrightable works shall be considered a "work(s) made for hire" as that term is defined by U.S. Copyright Law.**

Section 101 of the Copyright Act (title 17 of the *U.S. Code*) defines a "work made for hire" in two parts:

a work prepared by an employee within the scope of his or her employment

**Or**

a work specially ordered or commissioned for use:

- 1 as a contribution to a collective work,
- 2 as a part of a motion picture or other audiovisual work,
- 3 as a translation,
- 4 as a supplementary work,
- 5 as a compilation,
- 6 as an instructional text,
- 7 as a test,
- 8 as answer material for a test, or
- 9 as an atlas,

if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

## Third Parties

- Agreements
  - Software
    - *Ownership*
      - Joint
      - Full
    - *Retention of Rights by Creator*
      - Stock Modules
      - Other Fields of Use
    - *GPL - Open Source – Pay it Forward*

## Third Parties

- Agreements
  - Trade Secrets, Confidential Information and Know How
    - *NDA*
      - Obligation to Disclose new Trade Secrets to other Party?
    - *Ownership*
      - Full
      - Joint – often not addressed.
        - Who controls secrecy obligations?
        - Who gets use?
    - *License Rights*
      - Exclusive
      - Non-exclusive
      - Sole
      - Term
      - Etc.

# QUESTIONS???

I HAVE ALL THE ANSWERS\*

\*Being a lawyer, the answer to many questions will likely be, "It depends." Please plan your questions accordingly.



# THE END

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