

# ***2013 PORT ADMINISTRATION AND LEGAL ISSUES***

April 9, 2013  
Hyatt Regency Hotel  
Boston, Massachusetts

## ***“INTELLECTUAL PROPERTY AND PORT AUTHORITIES”***

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# Agenda

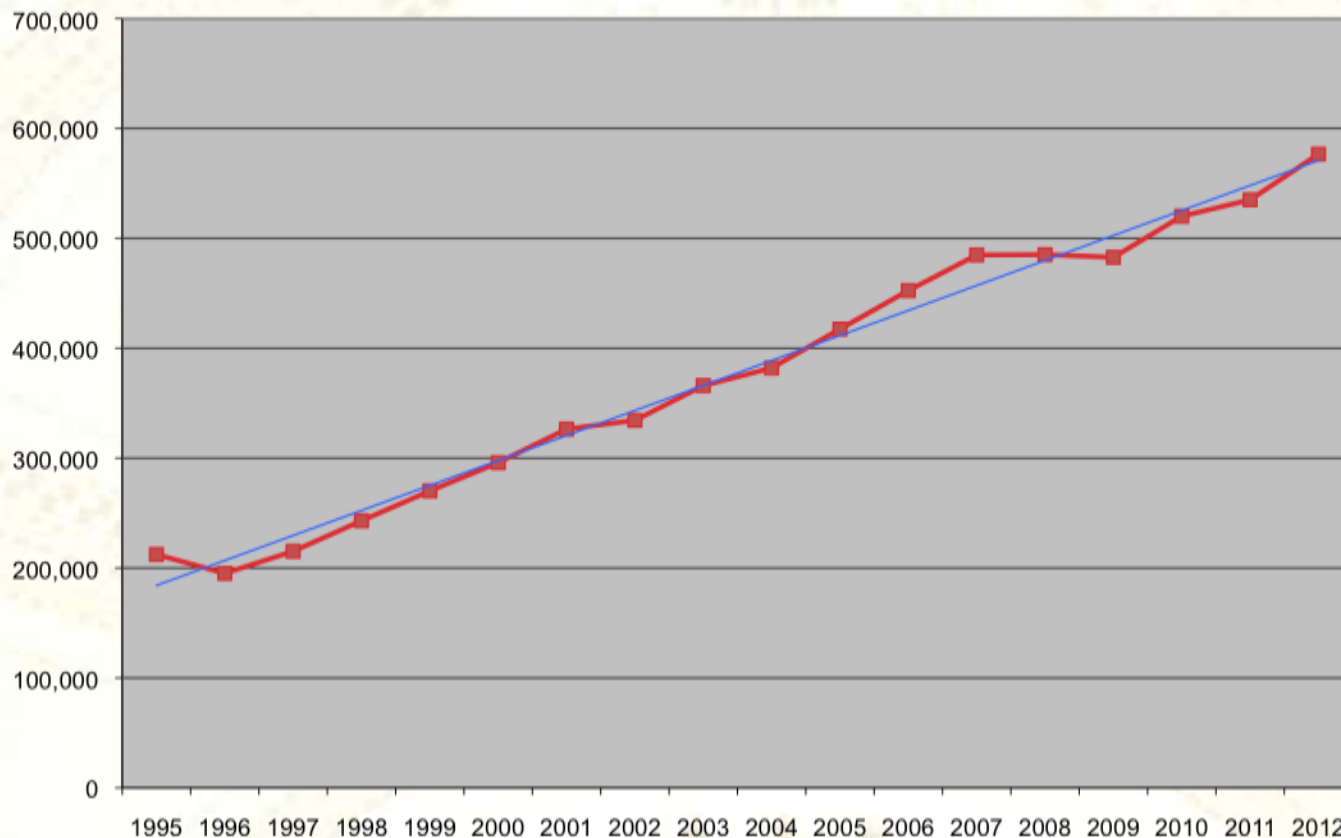
1. Why Should Port Authorities Care?
2. What are IP Rights?
3. How to Protect Your IP Asset & Respect Others'? (Maximize Incomes, Minimize Liabilities)

## Background . . .

- Time is Different
  - “Information Age/Computer Era” is here
- Intellectual Property (“IP”) Law as Legal Tool
  - Corporations now use IP law both as a shield and a sword
- Nos. of Applications to Register IP’s & IP litigation have skyrocketed in past decade
- The number of “IP” lawyers continues to rise drastically

# Patent Application Filings

Number of U.S. Patents Filed  
1995 - 2012



Source: USPTO Patent Technology Monitoring Team (PTMT) – U.S. Patent Statistics Chart



## IP Protection: Private vs. Public

<b>PRIVATE SECTOR</b>	Patents issued since 1976	Trademarks registered	<b>GOVERNMENT</b>	Patents issued since 1976	Trademarks registered/ pending
Boeing	9,069	1019	Los Angeles County	n/a	43
Microsoft	22,948	2285	L.A. County Sanitation Dept.	5	n/a
American Express	651	1558	City of Los Angeles	9	144
So. Cal. Edison	70	39	City/County of San Francisco	n/a	49
Commonwealth Edison (Chicago)	33	67	City of New Orleans	1	3
Florida Power & Light	2	53	DWP	4	7
			City of Long Beach	1	48
			UC Regents	7210	148
			USC	833	159
			City of New York	n/a	84
			City of Boston	n/a	14
			Port Authority of New York & New Jersey	4	67
			Massachusetts Port Authority	n/a	4

*USPTO website, based on search for inventor & assignee names for patents and owner names for trademarks. Current through 3/3/13.*



## Why should we care?

### ■ Legal requirements

- Legal duty to protect property (tangible or intangible)
- Foregoing “rental fees” = Gifting of public fund

### ■ Good Asset Management & New Revenue Sources

- City of Cocoa, Florida failed to protect its water deodorizing patent, estimated at \$300 M
- UCLA has trademark royalty stream of approximately \$1M/yr
- In three years, the City Attorney’s Office has negotiated unsolicited contracts worth approximately \$480,000 including a book deal and licensing of City software and trademarks; and leveraged IP for \$450,000 service
- Savings in vendor contracts by leveraging IP rights

## Why should we care? *(cont'd.)*

### ■ Litigation Avoidance

- High Liability Category
  - Patent Infringement:
    - *EOLAS v. Microsoft*  
Jury awarded \$500 Million to inventor and University of California for patent infringement
    - *NTP (Blackberry) v. Research In Motion (RIM)*  
RIM settled with Blackberry for \$612.5 million following the grant of a permanent injunction against RIM
    - *Apple v. Samsung*  
US jury award of \$1.05 billion (6 patents)
  - Treble damages & attorneys' fees in willful infringement
  - Copyright statutory damages of up to \$150,000/work infringed
- Expensive Litigation
  - Median patent infringement litigation: \$900,000 to \$6M
  - Median time to trial: 2.5 years
- Number of IP Lawyers has Increased Drastically in the Last Decade



## Why should we care?

### ■ Protection of Good Will

- Trademark laws may stop unauthorized use of city marks, logos, names, etc.

### ■ Enhancing Public Safety

- Trademark laws can help control proliferation of fake port police badges, patches, etc.





## What is Intellectual Property?

- **Patents** (utility, plant, design)
- **Trademarks**
- **Copyrights**
- Right of Publicity
- Proprietary Information
- Trade Secrets & Know-How
- *Sui Generis* Rights



## Special Characteristics About IP Rights

- Real property vs. Personal property
- Proactive steps before creation
- For patents, keep confidential before applying for patents
- Use w/o permission (license) = infringement
- Treble damages and attorneys' fees for willful infringement



## *(Utility) Patents—Useful, New and Non-Obvious Inventions . . .*

- “U.S. Pat. No./Pending” “ep xxxx”
- Secret in exchange of patent 20 years from filing date
- Patentable subject matters are vast
- Incomes--sales & licensing
  - Recent City patent infringement settlement



(Utility) Patents—*Useful, New and Non-Obvious Inventions . . .*

### ***How Does Ownership Vest?***

- Patents are granted to inventors
  - but assignable—*stated in employment contract or MOU?* (Note Cal. Lab. C.)
- Timely, affirmative action to prosecute (apply) with the USPTO
  - Keep confidential until application filed





## *(Utility) Patents—Useful, New and Non-Obvious Inventions . . .*

- New or improved **mechanical, electrical** or chemical devices (*less common for governments: pharmaceutical, biotech, plant patents*)
- Algorithms; mathematical sequences; software, hardware and firmware; business methods (certain unique accounting methods, project management methods, etc.)



## Examples of Govt-Owned Patents

- Surveying Rod/System (*patent granted*)
  - Manhole Cover Locking Device (*U.S. & Canadian patents granted*)
  - Electrically-powered Leaf Blower (*patent granted*)
  - Remote Electro-Optical Sensor to detect impurities in reservoir (*granted*)
  - Cleaner for Diesel Truck Exhaust Filters (*granted & sold*)
  - L.A. County Sanitation District—Between-Car barrier for multi-car vehicles (*e.g., pax buses*) (*granted*)
  - City of Long Beach--Desalination methods and technology (*granted*)
- (City has 9 patents granted or pending)*



## Patents—*Some CLE Points*

- Exclusive Federal Jurisdiction
  - 35 U.S.C. §§ 1 et seq. & 37 C.F.R. Ch. I
- Prosecution System at USPTO
  - Licensed to practice before the Patent Office
  - Time & Disclosure Sensitive (malpractice trap)
  - Patent Notice (U.S. Pat. No. xxxx/Pending) may not be used w/out application or grant
- Highly specialized practice area
- Common defenses of unfair competition and antitrust, etc.
- Very expensive litigation



## *Copyrights—Any original, creative writing on a tangible medium . . .*

- “© 2012 City of Los Angeles”
- Author’s life + 70 years
  - For “work-made-for-hire” (17 U.S.C. § 101): at least 95 years (post 1/1/78 works)
- Computer databases, software, computer chips, photographs, audio/video works, films, musical compositions, literary works, etc.
- Divisible “Bundle of Rights” & Media (17 U.S.C. § 106)
- Incomes--sales & licensing





**Copyrights—*Any original, creative writing on a tangible medium . . .***

## ***How Does Ownership Vest?***

- Vesting is automatic at time of creation
- Creator owns the copyrights (except for “Work Made for Hire”)

By operation of law:

- Employees’ & Agents’ creation--City owns copyright
- Non-agents’/employees’ creation—City does not own, absent pre-creation contractual provisions otherwise

By contract: whatever parties agree to

- Cities need pre-creation contractual provisions in contract or after-creation “assignment” agreement



## Examples of Gov't Copyright Assets

- **Various Software:** *E.g.,* Internet-based Candidate Self-help Ethics Filing Software, financial management software, fleet maintenance software
- **Photos & Videos, Film Reels:** *E.g.,* LAPD Archival Crime Scene Photo Book, video clips licensed for use in feature films and TV productions.
- **Various City-Created Writings:** *E.g., Manuals, website pages, architectural drawings, maps.*
- **City annotated codes** (annotation and other writings, not the black letter law): *E.g., annotated electrical or building safety codes, annotated charter, statutes.*
- **Real-Time Databases/Software:** *E.g.,* Database of real-time flight/traffic information
- **Geographical & street information databases (layered e-maps)**



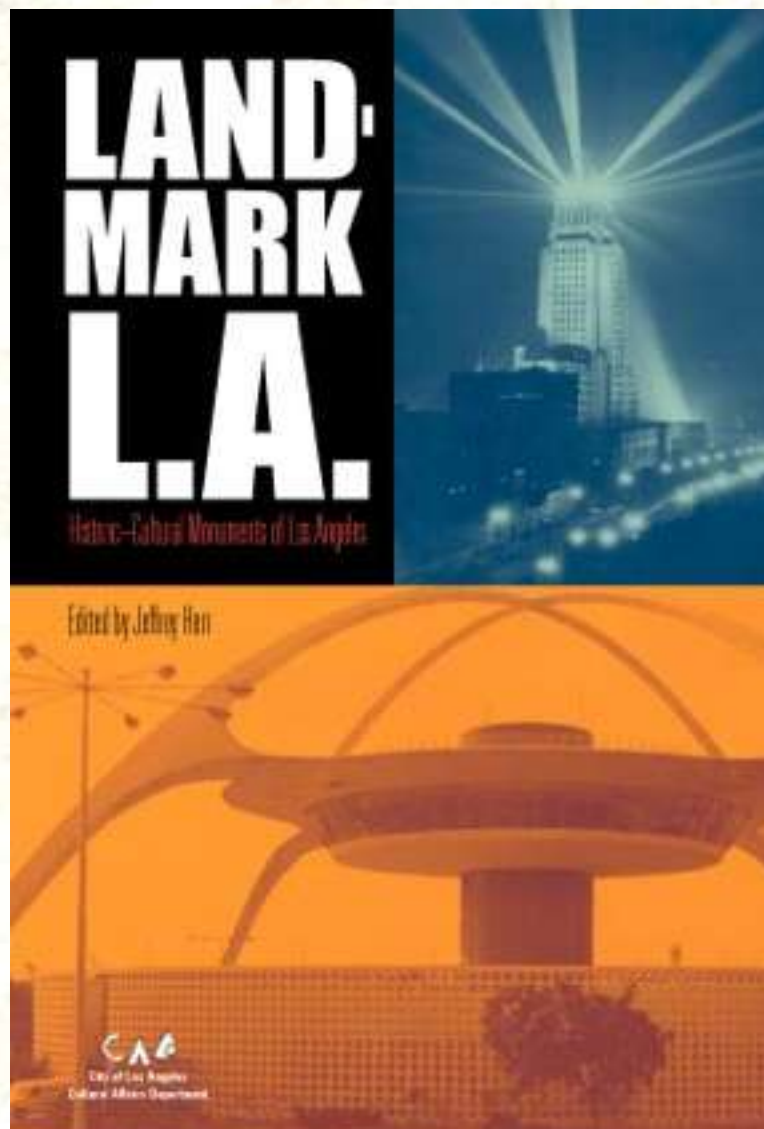
## Copyrights—*Some CLE Points*

- Exclusive Federal Jurisdiction
  - Copyright Act, 17 U.S.C. §§ 101 et seq. & 37 C.F.R. Ch. II
- Registration system (U.S. Copyright Office)
  - Reg. not required until filing a lawsuit
  - Reg. not required to affix the CR Notice © symbol
  - Statutory damages for registered works
- Creator owns the copyrights except in “Work Made for Hire”
  - 17 U.S.C. § 101; Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989)
- Common defense of Fair Use (Sect. 107, different from trademark Fair Use)
  - Kelly v. Arriba Soft Corp., 336 F.3d 811 (9<sup>th</sup> Cir. 2003); Fisher v. Dees, 794 F.2d 432 (9<sup>th</sup> Cir. 1986); Dr. Seuss Enters. v. Penguin Books USA, Inc., 109 F.3d 1394 (9<sup>th</sup> Cir. 1997); Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994); Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985).



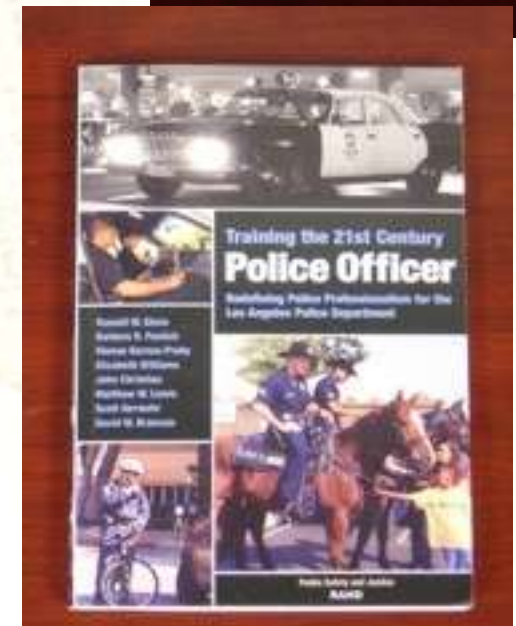
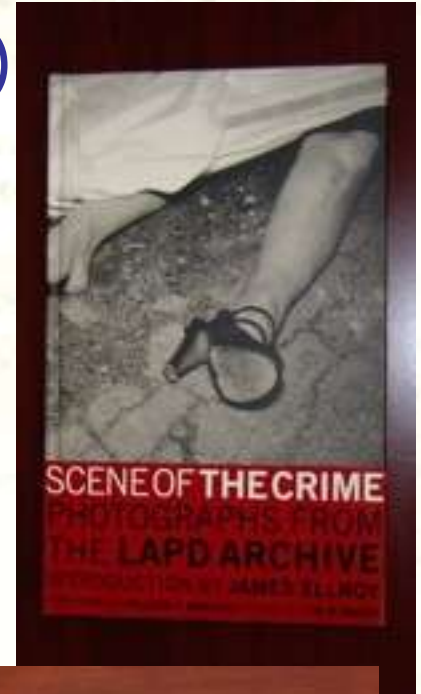


# City Copyright Examples





## Some Licensed Copyright Assets (L.A. City)





## *Some Typical Copyright Assets?*







**Trademarks/Service marks—*Marks***  
*(anything) used to distinguish the source of goods or services so as to protect goodwill . . .*

- TM/SM or ®
- Never expires unless abandoned
- Examples: Names, logos, insignias, business mottos & slogans, (domain names)
- Graphical designs, logos, badges, etc.  
[“*double-doored safe*”]
- Incomes—licensing



**Trademarks/Service marks—*Marks***  
*(anything) used to distinguish the source of goods or services so as to protect goodwill . . .*

## ***How Does Ownership Vest?***

- The First Entity to Use (in the category) is vested with common law TM rights
- BUT First Entity to File for registration has presumption of ownership under the U.S. TM registration statutes





## Trademarks/ServiceMarks—*Some CLE Points*

- Both State and Federal Protection
  - Cal. Trademark Act, Cal. Bus. & Prof. Code §§ 14200 et seq.
  - Cal. Unfair Practices Act, Bus. & Prof. C. §§ 17200 et seq.
  - Lanham Trademark Act, 15 U.S.C. §§ 1051 et seq. & 37 C.F.R. Ch. I
- Registration systems (State & USPTO)
  - USPTO Registered marks basically incontestable (IF timely declarations filed between 5<sup>th</sup> & 6<sup>th</sup> anniversary dates from registration date)-*malpractice alert!*
  - Agency proceedings in addition to litigation in state/federal court
- First to Use is vested with the rights (™)
- First to File wins too! (® if registered)
- Common defense of Fair Use (parody, political speech, etc.)

## *Some City Trademarks . . .*



**Los Angeles Convention Center**®

*World-Class Facility, World-Class Service*



GRIFFITH OBSERVATORY®



**LAX**®

**Port of Los Angeles**

*America's Port*®

Cabrillo Way Marina®



## *Some City Trademarks . . .*





## *Some City Trademarks . . .*



***“The Official City of Los Angeles Municipal Code™”***

***“The Official City of Los Angeles Administrative Code™”***



SM



SM



SM



SM





## *What are IP Rights?*



The Running Series of Royalties . . .

## ***Court TV: LA Forensics***



## ***National Geographic: America's Port***

***Thank You! . . . From The City Treasurer***





### *How to Capture the FMV of IP?*

- FMV=What producers are willing to pay
- Capturing IP value in vendor contracts
  - Sliding scale in contracting with vendors  
(I.e., Leveraging IP values in contracting services)
- Licensing and sales of IP Rights



## *Leveraging Value of Trademarks*



## Unique Uses of Trademark Rights:

### To Govern & Enhance Public Safety







## *Protect Yours and Respect Others' . . .*

- **EXTERNAL**

- Use IP Contractual provisions

- **INTERNAL**

- Make Aware
- Change Municipal Corporate Culture
- Use IP Protocols
- Train Employees
- Build & Maintain IP Portfolio



# *Protect Yours and Respect Others' . . .*

- Vendor Contracts
  - IP ownership
  - IP non-infringement warranty & indemnity vs. 3d-party lawsuits, etc.
- IP Protocols
  - Patents
    1. Invention reporting & disclosure procedure
    2. Non-Disclosure (or Confidentiality) Agreements
  - Copyright & TM filing requests
    - Software creation documentation (“birth cert.”)
  - Third party IP rights clearance/check
- Legal filing for protection
- Employee sensitization/education
- Awards incentives & recognition





## *Common Third-Party TM/CR Assets*

- **Software:** Are your clients downloading free software through the Internet. *Open-source code* software requires attention.
- **Images, TM's, Audio-Visual Content:** Images, likenesses, and A-V content from the Internet are not free.
- **Texts, Writings:** E.g., Manuals, website pages, architectural drawings, maps.
- **Music:** SESAC, ASCAP and/or BMI often solicit licenses. Multiple licenses? Needed?
- **Artists' Droit Moral** ("moral rights" in Attribution & Integrity): *Malpractice alert with murals! Visual Artists Rights Act of 1990 (17 U.S.C. § 106A) & California Art Preservation Act of 1979 (Cal. Civ. C. § 987)*
- **Third-party Trade Secrets:** CPRA disclosure, etc.

***OBTAIN PERMISSION OR WAIVER IN WRITING!***



*Questions . . . At Side Bar?*



*Follow-up Questions?  
Please Email/Call.*

