2013 PORT ADMINISTRATION AND LEGAL ISSUES
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“INTELLECTUAL PROPERTY AND PORT AUTHORITIES”

Philip H. Lam
Intellectual Property Counsel
City of Los Angeles
(213) 978-8138
Phil.Lam@lacity.org
cc IPC.Lam@gmail.com

Heather M. McCloskey
Deputy City Attorney
Office of City Attorney
(Harbor Division)
(310) 732-3750
hmccloskey@portla.org

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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

### Background & Statistics

#### IP Protection: Private vs. Public

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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”**

- **Common defense of Fair Use** (Sect. 107, different from trademark Fair Use)
City Copyright Examples

What are IP Rights?
What are IP Rights?

Some Licensed Copyright Assets (L.A. City)
What are IP Rights?

Some Typical Copyright Assets?
Trademarks/Servicemarks—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/Servicemarks—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

- Registration systems (State & USPTO)
  - USPTO Registered marks basically incontestable (IF timely declarations filed between 5th & 6th 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 (TM)
- 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

Port of Los Angeles
America’s Port

LAX

Cabrillo Way Marina
Some City Trademarks . . .
Some City Trademarks . . .


“The Official City of Los Angeles Administrative Code™”
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
How to Maximize IP Assets?

Leveraging Value of Trademarks
How to Maximize IP Assets?

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
How to Protect City IP’s?

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?


- **Third-party Trade Secrets:** CPRA disclosure, etc.

*OBTAIN PERMISSION OR WAIVR IN WRITING!*
Questions . . . At Side Bar?
Follow-up Questions?
Please Email/Call.