

Intellectual Property Model Management Plan

Introduction

Under Government Code section 13988.2(a)(3), the Department of General Services (DGS) is tasked with developing a sample model management plan (the Plan) with which agencies and departments may manage their intellectual property (IP) resources. Rather than limiting the Plan to simply maintaining IP assets, this Plan adopts a holistic strategy designed to facilitate a more comprehensive approach to the management of IP resources.

Generally, IP refers to: “intangible assets that are subject to statutory protection under applicable patent, copyright, trade secret and trademark law. Intellectual property includes, but is not limited to, inventions, industrial designs, identifying marks and symbols, electronic publications, trade secrets, and literary, musical, artistic, photographic, and film works.”¹

State agencies have an important role in protecting IP and associated rights. Because no one state agency is responsible for all state IP, it is up to each agency to protect and manage its IP and IP rights on behalf of the state.

Questions about the use or adaption of this Plan should be directed to Christopher Gill, Attorney IV, or Cathy Moua, AGPA, at (916) 376-5080.

Disclaimer

DGS does not mandate the use of this Plan. Participating state agencies or departments use this Plan at their own risk, and assume sole and exclusive legal liability arising from the use of this Plan. DGS encourages state agencies and departments that elect to adopt or modify this Plan for their own use to consult with their own counsel regarding the use of this Plan, as appropriate.

However, having a viable IP Management Plan that is regularly updated will assist agencies and departments in the development and implementation of a successful program to manage and protect IP resources. It will also enable agencies and departments to track IP assets.

Preamble

The [name of state agency or department] establishes this intellectual property management ("Plan"). The general purpose of the Plan is to manage and protect the IP and its associated rights developed or obtained by [name of state agency or department] when contracting for goods or services with, or issuing grants to, either public or private entities.

The Plan objectives include:

1. To promote rapid dissemination of information and inventions for the public good;
2. To promote patenting and licensing when the public good is best served by controlling the activities of those commercializing inventions and/or by providing economic rewards necessary to encourage the investment required to move technology into the market; and
3. To protect state-owned IP and IP rights.

1.0 Definitions

- **Intellectual Property Work** ("Work") means any work or activity performed and paid by [name of state agency or department], its Contractor(s)/Grant Recipient(s), or subcontractors within the scope of performance of any State of California Intellectual Property (IP) work effort, Statement of Work (SOW), or any other contractual arrangement of any type, including grants when they involve IP development or IP rights.
- **Background Intellectual Property** means Intellectual Property that is relevant to a project and is currently owned by the respective parties at the time of entering into a contract.
- **Intellectual Property** means technical information, inventions, developments, discoveries, know-how, methods, techniques, formulae, algorithms, data, processes and other proprietary ideas, whether or not patentable or copyrightable, patent applications, patents, copyrights, trademarks, trade secrets, and any other legally protectable information, including computer software.
- **Owner** refers to a party, public or private, having legal proprietary ownership of Intellectual Property.
- **Project Research Data** means information including, without limitation, documents, drawings, models, designs, data, memoranda, tapes, drives, disks, any other electronic storage medium, records, and databases, in hard copy form or in electronic form, developed during performance of the Work and regardless of whether paid for by [name of state agency or department], its Contractor(s)/Grant Recipient(s), or subcontractors.

2.0 Development and Implementation of Plan

Each agency or department should work with their counsel and executive management to develop and implement a successful Plan. Counsel can assist in the formulation of the Plan itself while executive management can ensure that agency or department staff and representatives adhere to the Plan. Implementation of this Plan additionally will require the development of an effective state or department IP policy, as well as defined roles and responsibilities. In this way, an agency or department can effectively manage and protect valuable IP resources. A sample IP Policy and Roles & Responsibilities may

be obtained through the IP section of DGS-OLS. Please contact Cathy Moua or Christopher Gill at (916) 376-5080 to request a sample of a policy and related documents.

3.0 Maintaining Ownership Rights in Intellectual Property

3.1 Potential Waiver of IP Rights

It is against the public policy of the State of California for an agency or department to waive its IP rights in general. Consequently, it is recommended that the following language be included in any solicitation or contract involving IP:

No Waiver of Intellectual Property Rights

Any waiver of the intellectual property rights of a state agency or department requires the advance, written approval of the Department of General Services (DGS). Any purported waiver of the state's intellectual property rights without the prior written approval of DGS is hereby declared void as against the public policy of the State of California.

3.2 Work for Hire Basics

Once an original work is fixed in a tangible medium, the copyright becomes the property of the author who created it. Only the author, or those deriving rights from the author, may claim the copyright. However, there is an important exception to this principle that is commonly known as the "work made for hire" doctrine.

Section 101 of the Copyright Act (Title 17 of the U.S. Code) defines a "work made for hire" in two parts: (1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered or commissioned for use as a contribution to a collective work, as part of a motion picture or other audiovisual work, a translation, a supplementary work, a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas. In addition, the second category, which typically arises in the setting of independent contractors, requires a written agreement signed by both parties that the work shall be considered a work made for hire. (See Circular 9, United States Copyright Office.)

The law in this area is complex and presents many nuances. It is highly recommended that an agency or department consult with its own legal counsel about this difficult legal area before retaining the services of an independent contractor in order to ensure that appropriate ownership rights are established by written contract. As is discussed in the following sections, California law complicates this area of the law even further.

3.3 Work for Hire Contract Language Problem

Under California Labor Code section 3351.5(c), the use of a standard work for hire clause in the consultant context can create significant problems for California employers when retaining the services of individuals. [See also, Unemployment Ins. Code secs. 686 & 621(d).] Using such clauses, which are very common in the technology industry, creates an unreasonable risk that the consultant will be deemed an employee. Consequently, a state agency or department would be responsible for paying worker's compensation and unemployment insurance. In order to eliminate this risk, the use of an outright assignment is highly recommended. An example follows in the body of this Plan.

However, the above Labor Code provision does not apply in the case of separate legal entities, such as corporations or LLCs. In such cases, it is permissible to utilize work for hire language without necessarily incurring the monetary obligations of an employer. Work for hire language is set forth in the body of this Plan, below. For ease of contract administration, a state agency or department may wish to opt for a single approach, which would indicate the use of an outright assignment.

For valuable consideration, receipt and sufficiency of which are hereby acknowledged, [Name of Contractor] and [Name of California Agency or Department] agree as follows:

1. [Name of Contractor] does hereby sell, assign, and transfer to [Name of California Agency or Department], its successors and assigns, the entire right, title and interest to the copyright in the Work, and any related registrations and copyright applications, including any renewals and extensions, and in and to all works based upon, derived from, or incorporating the Work. [Name of Contractor] further assigns to [Name of State Agency or Department] the exclusive rights to all income, royalties, damages, claims and payments now or hereafter due or payable that arise from or are otherwise connected with the Work, including but not limited to all causes of action, either in law or in equity arising from the copyright(s) in the Work in the State of California and throughout the world.
2. [Name of Contractor] agrees to execute all papers and to perform such other acts as [Name of California Agency or Department] may deem necessary to secure for [Name of California Agency or Department], or its designee, the rights herein assigned.
3. Contractor hereby grants to [NAME OF STATE AGENCY OR DEPARTMENT], without additional compensation, a permanent, non-exclusive, royalty free, paid-up, worldwide, irrevocable, perpetual, non-terminable license to use, reproduce, manufacture, sell, offer to sell, import, export, modify, publicly and privately display/perform, distribute, and dispose Contractor's Intellectual Property with the right to sublicense through multiple layers, for any purpose whatsoever, to the extent it is incorporated in the Intellectual Property resulting from this Agreement, unless Contractor assigns all rights, title and interest in the Intellectual Property as set forth herein.

4. Except as provided herein, Contractor agrees that its performance of this Agreement shall not be dependent upon or include any Intellectual Property of Contractor or third party without first: (i) obtaining [NAME OF STATE AGENCY OR DEPARTMENT]'s prior written approval; and (ii) granting to or obtaining for [NAME OF STATE AGENCY OR DEPARTMENT], without additional compensation, a license, as described in Section 3 of this provision, for any of Contractor's or third party's Intellectual Property in existence prior to the effective date of this Agreement. If such a license upon these terms is unattainable, and [NAME OF STATE AGENCY OR DEPARTMENT] determines that the Intellectual Property should be included in or is required for Contractor's performance of this Agreement, Contractor shall obtain a license under terms acceptable to [NAME OF STATE AGENCY OR DEPARTMENT].

NOTE: This assignment language should only be used as an exhibit to a standard contract that contains all of the requisite standard terms and conditions. If a separate assignment is needed, please see the assignment agreement set forth under the "Forms" tab of the DGS Intellectual Property web portal.

California Labor Code section 2870 restricts employer ownership of employee inventions, etc., when the invention is developed solely on the employee's own time without using employer resources. However, there are important exceptions to this rule: inventions that relate at the time of invention to the employer's business (or to demonstrable R & D), or which result from work performed by the employee for the employer, may be assigned or transferred to the employer.

IMPORTANT NOTES: A risk does exist in using a Copyright Assignment Agreement; federal law provides that the author may terminate the transfer after 35 years. (See Title 17 U.S.C. sec. 203.) Thus, if a state agency or department intends to hold a copyright longer than 35 years, it is highly recommended that the agency or department only contract with a separate legal entity (see below).

Prior to reaching the point of any assignment, an NDA (Nondisclosure Agreement) should be in place for any party contracting with the state (before entering into any other IP agreements). In fact, a general IP assignment covering patent, trade secrets, trademarks and copyrights, and inventions is recommended for use with any independent contractor. In addition, an express IP assignment should be obtained from anyone submitting an IP disclosure at the time of the disclosure. In an ideal world, the best possible option is to obtain such a disclosure from a state employee upon hire.

In order for a state agency or department to perfect its interest, all documents conveying an interest in rights (including assignments) must be registered with the U.S. Copyright Office. The interests of the state agency or department in the assigned work of authorship are not perfected until the underlying work (the work to be assigned) has been registered for copyright.

3.4 Work for Hire Language for Use with Separate Legal Entities:

1. The CONTRACTOR and [State of California Agency/Department] intend this to be a contract for services, and each considers the products and results of the services to be rendered by the CONTRACTOR (the "Work") to be a work made for hire, as defined under United States copyright and/or patent laws. The CONTRACTOR acknowledges and agrees that the Work (and all rights therein, including, without limitation, copyright, trademark, service mark and patent privileges) belongs to and shall be the sole and exclusive property of [State of California Agency/Department].
2. If for any reason the Work is not considered a work made for hire, the CONTRACTOR does hereby sell, assign, and transfer to [State of California Agency/Department,] its successors and assigns, the entire right, title and interest in the Work, including but not limited to all copyrights, trademarks, and patents, and any related registrations and copyright, trademark, or patent applications, renewals and extensions, and in all works based upon, derived from, or incorporating the Work, throughout the world.

NOTE: This language is designed to serve as an assignment of any rights that a contractor may have in a particular Work created for a State of California agency or department. The first clause creates a work for hire agreement, which means that the contractor has no rights left in the Work. The second clause is the functional equivalent of an assignment: if for any reason the Work is deemed not made for hire, the contractor explicitly assigns all rights not only in this Work, but in any Work based on it, for the full term of the copyright, trademark, service mark or patent.

NOTE: This assignment language should only be used as an exhibit to a standard contract that contains all of the requisite standard terms and conditions. If a separate assignment is needed, please see the assignment agreement set forth under the "Forms" tab of the DGS Intellectual Property web portal.

[3.4 – Alternative Standard Language for Grants or Contracts in which the State Agency Retains a License but does not want Ownership of the IP:

The CONTRACTOR [or GRANT RECIPIENT] owns all Work, subject to the following license: [State of California Agency/Department] has a no-cost, non-exclusive, transferable, irrevocable, royalty-free, worldwide, perpetual license to use, publish, translate, modify, and reproduce Work for governmental purposes.

3.5 Patents, Trademarks and Service Marks

License agreements and assignments recorded with the USPTO are recommended for use in the patent arena.

Trademark or service mark assignments are never recommended. Limited term agreements should be used to sanction the third party use of agency or departmental

trademarks or service marks. Allowing the use of such marks must be carefully considered as a policy matter and third party use should be strictly controlled by agreement.

4.0 Oversight of Project Intellectual Property

Executive management, or its designee, of [name of state agency or department], as the prime recipient of the Work, will oversee implementation of this Plan:

- a) Insuring and overseeing the protection of its IP assets by monitoring disclosure, patenting, copyrighting, trademarking and licensing activity with respect to Project Intellectual Property;
- b) Seeking, as needed, potential third-party licensees for Project Intellectual Property;
- c) Review and revision, as necessary, of the strategy for copyrighting, patenting, trademarking and licensing;
- d) Facilitating timely and accurate reporting of disclosures, copyrights, patents, trademarks and licenses for Project Intellectual Property to the specified management of [name of state agency or department]; and
- e) Registering trademarks and/or service marks.

5.0 Management of Intellectual Property

Executive management, or its designee, of [name of state agency or department] will commit, as reasonable, sufficient resources to manage and maintain its Intellectual Property resulting from any Work in a manner consistent with any laws, statutes, rules, and regulations of the United States and the State of California.

Promote and publicize the availability of Project Intellectual Property for licensing and public dissemination, as appropriate, based on established IP departmental policy and guidelines.

6.0 Rights, Titles, and Reporting

All rights, titles, and interests in any Intellectual Property developed in accordance with any Work completed pursuant to this Plan will belong solely to [name of state agency or department]. An **assignment agreement** as set forth in section 3.1, above, may be used to accomplish this purpose. Alternative language is also provided in the event an agency or department elects not to retain IP rights but requires a license.

NOTE: NO INDEMNIFICATION ON THE PART OF THE STATE WILL OCCUR FOR ANYTHING IP RELATED.

7.0 Options and Licenses for Commercialization of Project Intellectual Property

A party that retains title to IP may grant exclusive and non-exclusive licenses for use of any Intellectual Property arising from the Work. Any license that [name of state agency or department] grants shall be subject to the reservation of certain rights, as set forth in the immediately following subsection. License agreements are powerful tools for controlling and limiting the use of Intellectual Property, including in the areas of trademarks, service marks, copyrights, and patents.

Any license that an Owner may grant to its Work shall be subject to a reservation of certain rights to the Government under the provisions of 35 U.S.C. § 201 et seq., and California Government Code section 13988 et seq. Again, indemnification for IP-related matters is not permissible.

8.0 The California Public Records Act (CPRA) and Trade Secrets

Governmental records generally are open to public inspection pursuant to the California Public Records Act. (See Govt. Code sec. 6250 et seq.) However, the CPRA has a well-established exception for restricting disclosure of information that qualifies as a trade secret under California law. (See *California School Employees Association v. Sunnyvale Elementary School District of Santa Clara County* (1973) 35 Cal.App.3d 46, 195 Cal.Rptr. 433.)

Notwithstanding this exception, it is not recommended that state agencies or departments engage in the type of rigorous analysis required to determine if requested materials qualify as protected trade secrets. Rather, this determination should be left to a California court. To this end, it is recommended that the following language be included in most solicitations and contracts involving IP:

Public Records Act Contract Language

All correspondence, documents, records, or other written materials, including responses to contract solicitations such as Request for Bids (RFPs) (hereinafter referred to as “records”) submitted to [name of state agency or department] become the exclusive property of [name of state agency or department], and are subject to disclosure under the California Public Records Act (“CPRA”; see Govt. Code secs. 6250 et seq.). All records sent to [name of state agency or department] are subject to disclosure if requested by a member of the public. There are very limited exceptions to disclosure under the CPRA.

Therefore, any records containing language that designates the records as “Confidential”, “Proprietary”, or a “Trade Secrets”, and which fails to provide for CPRA requirements, will be considered a public record subject to disclosure as set forth below. All formal bid responses become public upon opening and will be made publicly available upon opening.

Although the CPRA contains a trade secret exemption, [name of state agency or department] is not in a position to make this determination. [Name of state agency or department] will provide either verbal or written notice to the submitting party when it receives a records request from a member of the public so that submitting party may, at its sole expense, obtain a court order prohibiting or restricting disclosure from a court of competent jurisdiction. The records will be produced within ten (10) days of a request from a member of the public unless and until [name of state agency or department] is properly served with a written court order prohibiting or restricting disclosure of the records.

NOTE: Under the CPRA, computer software developed by a state or local agency is not itself a public record. (See Govt. Code sec. 6254.9.) Therefore, state agencies and departments should carefully consider whether disclosure of computer software is warranted given this very specific and clear CPRA exemption.

9.0 Management of IP Inventory

9.1 Renewal of IP Resources: Overview

It is critical to maintain the viability of [name of state agency or department] IP through renewal of licenses, registration of patents and copyrights, the maintenance of a real-time IP inventory, and regular assessments of changes in the best ways in which to use agency or department IP.

9.2 Preparing an IP Inventory Management Calendar

Each state agency or department that adopts this Plan should develop an IP calendar detailing the exact dates on which the trademarks, patent rights, copyrights, or other IP rights of the agency or department are set to expire or have maintenance fees due. This calendar should include numerous advance warnings of the approaching expiration dates so that agency or department counsel may take steps to proceed accordingly given the specific type of Intellectual Property and the protections afforded to it.

For example, the agency or department calendar should set forth an initial “tickler” date at least 120 days prior to any significant event in the life cycle of relevant IP, with additional reminders every 30 days. In the case of a trademark, these periods should be doubled as there may be delays in processing renewals due to the workload of the U.S. Patent and Trademark Office (USPTO).

9.3 Renewing Copyrights, Trademarks, and Service Marks

- a) **Copyrights** – The Copyright Act was amended in 1992 to make renewal of copyrights automatic and renewal registration optional for works originally copyrighted between January 1, 1964, and December 31, 1977. While optional, there are a number of advantages to renewal registration, especially in the 28th year of the copyright term. The Copyright Act also was amended in 1998 to add 20 years to a copyright term. For works copyrighted between January 1, 1964,

and December 31, 1977, an application for renewal may be made at any time during the renewed and extended term of 67 years. (See <http://www.copyright.gov/circs./circ.15.pdf>.)

Application for renewal must be filed on Form RE, which is supplied by the U.S. Copyright Office upon request. It is also available from the U.S. Copyright Office web site at www.copyright.gov. The appropriate filing fee must accompany the renewal registration.

The benefits of making a renewal registration during the 28th year are: (1) the renewal copyright vests in the name of the renewal claimant on the effective date of the renewal registration; (2) The Copyright Office issues a renewal certificate, which is prima facie evidence as to the validity of the copyright during the renewed and extended term, and of the facts stated in the certificate; and (3) the right to use derivative works during the extended term may be affected. Additionally, renewal registration is a prerequisite for statutory damages and attorney fees in an infringement action for published works not registered during the original term. Renewal registration also is a requirement to bringing suit in certain circumstances under section 411(a) of the Copyright Act. (See Circular 15, publ. U.S. Copyright Office, p. 2.)

- b) **Federal Trademarks** – Subject to the filing of a Section 8 Declaration and Section 9 Application for renewal, federal trademark registrations issued on or after November 16, 1989, remain in force for 10 years, and may be renewed for 10-year periods. Trademark registrations issued or renewed prior to November 16, 1989, remain in force for 20 years, and may be renewed for additional 10-year periods. (See Title 15, U.S.C., secs. 1058 & 1059; see also, <http://www.uspto.gov/sites/default/files/trademarks/basics/Basicfacts.pdf>.)

Renewal of a federal trademark requires the filing of an Application for Renewal under Section 9 of the Trademark Act, Title 15, U.S.C., sec. 1059, in conjunction with a Section 8 Declaration. The USPTO has created a combined Section 8 and 9 form that may be accessed at its official web site. These forms are reviewed by a trademark specialist and the applicant will be advised in writing if the renewal has been accepted. If refused, the reasons for the refusal are normally provided.

The first deadline for filing the necessary declarations is between the 5th and 6th year after the initial registration date. At that time, a Declaration of Use (or Excusable Nonuse) under Section 8 must be submitted. Failure to file this declaration as required will lead to cancellation of the mark.

Thereafter, the owner of a trademark must file a Declaration of Use (or Excusable Nonuse) and an Application for Renewal between the 9th and 10th years after the registration date, and between the 9th and 10th year after each subsequent registration date. (See Title 15, U.S.C., sec. 1059.) A grace period of six months is provided in certain situations; however, a failure to timely file a renewal application will result in cancellation of the mark and a completely new registration will be required. (See [USPTO Registration Renewal](#).)

NOTE: *Once a federal application is submitted, the information is often used by unauthorized sources to send confusing invoices and/or solicitations. These notices typically are from foreign jurisdictions, and they are written in a manner to make it appear that accepting the solicitation and paying what are typically significant fees is required. However, registering a trademark in a foreign jurisdiction is not usually a legal requirement and these notices may safely be ignored. Nevertheless, if you have any doubts or questions about such a notice, please seek the advice of your legal counsel.*

- c) **California Trademarks and Service Marks** – Renewing a California trademark or service mark is a relatively straightforward matter. The California Secretary of State (SoS) has a form on its web site entitled, “Renewal of Trademark or Service Mark” that may be printed and filled-out. One original specimen showing the mark as currently used in connection with the respective goods or services must accompany the application. The application for renewal must be received by the SoS within (but not before) the six-month period prior to the date of the expiration of the current registration, together with the current renewal fee of \$30.
- d) **Patent Maintenance Fees** – Fees are due to the USPTO at specific intervals in order to maintain a utility patent. These maintenance fees must be paid at 3.5 years, 7.5 years, and 11.5 years. There is a six-month grace period upon payment of a surcharge. Please visit the USPTO web site for a detailed discussion of utility patent maintenance fees.

NOTE: *A patent cannot be renewed. Once a utility patent expires after 20 years from the date of filing for patents filed after June 8, 1995, or 17 years from the date the patent was issued in the case of a patent filed before this date, it enters the public domain and may be freely exploited. For design patents filed on or after May 13, 2015, the term is 15 years (14 years before this date).*

10.0 Factors to Consider When Deciding How to Best Utilize IP Resources

There are several factors that state agencies and departments should consider when deciding whether to sell or license governmental IP. An overriding concern is maintaining public access to state IP materials while discouraging of unauthorized private economic gain.

One method of monetizing IP is through licensing the rights to manufacture, use, and sell an invention or other Intellectual Property to others for a license fee and royalties. A license is an agreement between the owner of the IP (the “licensor”) and another party (the “licensee”) to use and sell an invention, copyrighted materials, a trademark, or a service mark.

For trademarks, the benefits can include sponsorships and donation dollars, and/or favorable associations or partnerships. For copyrights, potential benefits can include increased dissemination of information and materials without the loss of control over integrity and types of use.

The distinct advantage to this method is that it minimizes the risks associated with manufacturing and distributing patents, including the need to expend scarce public resources on marketing and distribution. Another advantage to licensing is that a product can be licensed to more than one party to maximize the potential benefits to the agency or department. However, there will likely be costs to the State if the patent is infringed.

An alternative to licensing is the outright assignment of an invention to another party, called the assignee. An assignment is a permanent transfer of all rights in the property to another company for an immediate, upfront payment. Once an assignment occurs, the assignor no longer has any rights in the property. An assignment produces immediate returns and eliminates the potential future risks connected with specific IP; however, the assignor needs to be cognizant of the fact that it will lose all control over the assigned property.

In deciding how to handle IP, an assessment of whether the state agency or department is in a position to manufacture and distribute the product or property itself is required. This option is not a realistic possibility for most state governmental entities. Thus, licensing the property or an outright assignment may be the better choices.

The election between these two alternatives basically focuses on deciding whether or not the agency or department wants to maintain a measure of control over the property in the future. If so, a restrictive license may be indicated. Another option simply is to do nothing with the IP if it is in the best interests of the public and the state.

Key issues to consider regarding technological developments

How will the invention or related IP be marketed to existing customers or the public? Do the costs outweigh the potential benefits to the agency or department? If an agency or department lacks the resources to manufacture and develop an invention, licensing may be indicated. Abandonment also is a consideration under these circumstances.

How long will the invention be of use to the state agency or department? If the technology is transitory in nature, investing significant sums to manage and protect this IP may not be supported (although there may be public policy considerations that outweigh the cost considerations).

Will a new technology supplant or replace the invention within a short time? If so, significant investment of public resources into the invention is not supported, unless public policy considerations override cost factors.

All of the above considerations are fact specific, and must be addressed for each new invention, technology, or other IP. The bottom line is that the IP must be managed in a way that maximizes the public benefit, as required by the relevant statutory scheme. (See Govt. Code sec. 13988.)

Factors Relevant to Patents:

- Importance of technology to agency or department
- Costs of patenting technology
- Costs of maintaining patent through policing and enforcement
- Policies of agency or department
- Assignments of patents for UC-generated work product/technology
- Infrastructure and resource considerations

NOTE ABOUT PATENTS: *In order to represent an inventor, a person must be able to converse with the inventor in the technical language of the invention. For this reason, the USPTO has established a certification process for patent attorneys and patent agents. However, patent agents cannot represent parties in litigation or perform any activity amounting to the practice of law.*

Only admitted patent attorneys may represent a client in the actual prosecution of a patent. Consequently, in the event that a potentially patentable invention or process is developed, agency or department legal counsel must be consulted in order to determine if agency or department goals, policies, and procedures justify the retention of patent counsel for the purpose of registering and/or prosecuting a patent.

Factors Relevant to Trademarks/Service Marks:

- Potential loss of control over trademarks or service marks
- Whether the proposed use will further the goals, vision, and mission of the state agency or department
- Whether the proposed use will lead to a direct association in the public's mind between the state agency or department and the putative user
- Whether the proposed use will lead a state agency or department to be associated with unwanted or undesirable messages
- Whether the proposed use will lead to an appearance of sponsorship of a private entity by the state agency or department

Factors relevant to Copyrights:

- The potential for private commercial exploitation of materials generated at public expense with taxpayer funds (i.e., an illegal gift of public funds)

- The potential that copyrighted materials will be taken out of context and misconstrued to the detriment of the public and/or the state agency or department.
- Does the proposed use further the goals, vision, and mission of the state agency or department?
- Will the proposed use lead to the wider dissemination of governmental materials in a way that will benefit the public and the state agency or department?
- Will dissemination of the copyrighted materials further public education on important state matters?
- Will dissemination of the materials enhance the public reputation of the state agency or department or will dissemination have a negative impact on the image of state government?
- Is disclosure of the materials mandated under the California Public Records Act (CPRS)? This inquiry should only be undertaken with the active participation of agency or department legal counsel.

11.0 Protecting IP through the Use of Cease and Desist Letters & Litigation

It occasionally may become necessary for a state agency or department to protect its IP resources through the use of cease-and-desist letters instructing an infringing party to terminate his or her improper activities. The most typical situations in which this step may prove necessary is when a private entity uses state agency or department logos, seals, or symbols in order to masquerade as an official or quasi-official entity. Another example of a situation where a cease-and-desist letter may be required is when a private party is selling freely available state publications on the web for commercial purposes.

Several agencies and departments have confronted these types of situations in the past, and will undoubtedly encounter them again in the future. DGS, through its IP program, has developed templates of model cease-and-desist letters that state entities may use to address these situations. Please contact Christopher Gill or Cathy Moua at (916) 376-5080 to inquire about the use of these letters.

In rare situations, a cease-and-desist letter may prove ineffective, and litigation may prove necessary in order to obtain injunctive relief to end the offending conduct. If the proper steps have been taken to register and protect IP resources, a state agency or department may be entitled to attorney fees and statutory damages for the abuse of its intellectual property rights. Agency or department counsel should be consulted if litigation is being contemplated as the next step in the compliance process.

One option to consider if an infringing use is discovered on the Internet is the possibility of sending a Digital Millennium Copyright Act (DMCA) takedown notice. A DMCA takedown notice must be in writing and must adhere to a specific statutory format. Additionally, Internet companies that host third party content, such as Facebook, YouTube, and most other large Internet Service Providers (ISPs) have online takedown notice capabilities.

However, the Ninth Circuit Court of Appeals requires that an owner of intellectual property must consider "fair use" before sending out a DMCA notice. [See *Lenz v. Universal Music Corp.* (9th Cir. 2015) 801 F.3d 1126.] In light of this trend, it is advisable for a state agency or department to consider the doctrine of fair use before sending out a cease and desist letter. Please see the Basic IP Principles tab on this portal, which is located at <http://www.dgs.ca.gov/ols/Programs/IP.aspx>, for more detailed information about the fair use doctrine.

12. IP Database Hosted by DGS

Pursuant to Government Code section 13988.2(a), DGS is tasked with establishing and maintaining a database that identifies and tracks state IP resources. The statute further requires DGS to update this database at least once every three (3) years. In order to accomplish this goal and to ensure that the database lists only legitimate IP, state agencies and departments will need to regularly update their IP information so that it remains accurate. This can be accomplished by providing updated resource information to the DGS IP team. Questions about what types of IP resources should be tagged for inclusion in the database also should be directed to the DGS IP team.

13. DGS IP Training Program

In 2016, DGS will be developing and implementing an interactive, web-based IP training program geared towards all levels of state employees. The program will provide basic information about select IP topics, and will be patterned after existing programs hosted by CalHR, the Attorney General's Office, and the FPPC. The twin goals of this training program are to educate state employees about some basic "Dos and Don'ts" of intellectual property and to help ensure that state intellectual property assets are managed and protected.