

Coronavirus



MAY 4, 2020

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COVID-19 Impacts on Businesses and Their Intellectual Property Rights

Part 2 of a 2 Part Series: Avoiding and/or Eliminating Loss of IP Rights During the COVID-19 Pandemic

As a follow-on to our series, *COVID-19 Impacts on Businesses and Their Intellectual Property Rights*, companies need to remain vigilant in their intellectual property practices to avoid and/or eliminate loss of IP rights. Once companies resume having employees return to the offices, they do not want to be surprised to learn that they no longer have protections on some of their intellectual property, or even worse, that they have lost certain intellectual property rights that they licensed from third parties, thereby no longer having use of those intellectual property rights in their ongoing business. Loss of intellectual property rights can greatly impact the companies' businesses.

Intellectual Property Rights ("IP Rights") include but are not limited to, rights that arise from patents, trademarks, copyrights, trade secrets, know-how, domain names, and other proprietary rights. Typically, companies either i) develop their own IP Rights and use them and/or license them to other companies, or ii) license certain IP Rights from other third-party companies for its own use. During the COVID-19 pandemic when many employees are working remotely or potentially unsupervised, information is flowing more freely, priorities are being reset on a daily basis and budgets are being tightened. Companies need to remain diligent in protecting their IP Rights and ensuring their licensees are also protecting their licensed IP Rights.



FIVE KEY AREAS WHERE LOSS OF IP RIGHTS COULD ARISE.

- IP agreements could be terminated for failure to maintain obligations. During the COVID-19 pandemic, employees are focusing on getting the work done and using tools at their disposal when working from home. Employees may likely not be focusing on maintaining agreement obligations as certain protocols and procedures are generally in place if they were working from their office setting.
- Fast-tracking new IP licensing, development, supply, manufacturing distribution and other IP related agreements to meet COVID-19 demands without a focus on IP terms.
- Loss of trade secret protection when appropriate security measures are not put in place to maintain confidentiality and secrecy of information when employees or employees of licensees are working remotely during this COVID-19 pandemic.
- Failure to enforce IP infringement matters that come to the company's attention during this pandemic since employees are working remotely and may have limited resources and capabilities.
- Bankruptcy of either a licensor or licensee.

PROACTIVE MEASURES THAT CAN BE TAKEN TODAY TO MINIMIZE RISK OF LOSS.

- Employees and supervisors should keep in constant communication with their legal department regarding developed ideas and inventions and whether protection should be sought prior to any disclosures being made. Disclosure can cause the loss of patent rights in certain countries.
- Monitor IP infringement issues and work with IP litigation counsel to determine appropriate mechanisms to ensure enforcement rights are not lost during this time.
- For fast-track IP agreements that need to be entered into during this pandemic so opportunities are not lost, consider minimizing IP issues such as by licensing rights on a short-term basis, allowing ownership rights to be individually owned for any development work, or allowing for the terms to be renegotiated at a later date.
- A review of all intellectual property agreements (including licenses, joint ownership, joint development and research agreements) should be performed at the earliest for maintaining obligations to keep agreements in force. During the review, determine which obligations can be delayed due to force majeure and what the requirements are during and after the force majeure period.
- Ensure any royalty/minimum payments are continuing to be made or consider alternate payment arrangements, if needed to avoid termination of agreement and loss of licensed-in IP Rights.
- Review bankruptcy obligations in agreements and prepare for intellectual property issues that may develop. There is a high likelihood that certain companies, such as vendors, suppliers, customers, distributors and the like, may enter bankruptcy during the COVID-19 pandemic or even shortly thereafter.
- Provide constant reminders to employees and contractors to be aware of protections to be observed when using any confidential information to avoid unintentional IP loss such as shredding documents that include confidential information rather than throwing away in trash or recycle; refraining from using personal e-mail to transmit work documents; saving information only on company storage systems; using only company computers, if available, to perform work; avoiding using unsecured sites while sharing documents; and evaluating the teleconference application being used to communicate with others, especially with respect to confidential and proprietary information. During the COVID-19 pandemic where many people are working



at-home, people tend to work in a similar manner as if they were working at work and not realize some of the pitfalls when working in a different setting.

OUR TEAM

King & Spalding's Intellectual Property Group and Corporate, Finance and Investment Group have extensive experience managing issues related to the procurement, maintenance and enforcement of IP Rights facing businesses, along with managing and enforcing technology agreements that companies enter to effectively conduct their businesses. Our team includes well-respected partners, counselors, and associates that are involved in drafting, negotiating, managing and enforcing these IP Rights related provisions that are typically included in intellectual property agreements. We have the practical perspective to help our clients understand the consequences of current events and strategic considerations on a case-by-case basis.

ABOUT KING & SPALDING

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