

Doing Business in IP Assets U.S. Perspective

Randall E. Colson

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Outline

- General: Perfection of Security Interests in U.S.
- Perfection of Security Interests in IP
 - Patents
 - Trademarks
 - Copyrights
- Typical U.S. Practice
- Cautions

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Perfection of Security Interests in U.S.

- Security Interests are Governed by Article 9 of the Uniform Commercial Code
- Security Interest is Enforceable if ...
 - Value has been given
 - Debtor has rights in collateral
 - Debtor has authenticated a security agreement that describes the collateral

UCC §9-203

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Perfection of Security Interests in U.S.

- Security Interest is Perfected if ...
 - A Financing Statement is Filed (UCC §9-310)
 - In the State where the Debtor is Located (UCC §9-301)
 - For a corporation or other legal entity, in the State of Organization (UCC §9-307(e))
- Unless ...
 - A Statue, Regulation or Treaty of the U.S. has lien creditor priority requirements that preempt UCC §9-310 (UCC §9-311(a)(1))



Perfection of Security Interests in IP

- Intellectual Property is considered a “General Intangible” (UCC §9-102(42))
- Lien in General Intangible is perfected by
 - ...
 - Enforceable Security Agreement, and
 - Filing a Financing Statement in the State of Organization
 - Unless, a Statute, Regulation or Treaty governing lien priority preempts



Patents

- The Patent Act (Title 35 of the U.S. Code) is the Federal Statute Governing Patents
- The Patent Act does not preempt the UCC for lien priority

*In re Transpiration Design and Technology,
48 B.R. 635 (Bankr. S.D. Cal. 1985)*

- Lien in Patents is perfected by ...
 - Enforceable Security Agreement, and
 - Filing a Financing Statement in the State of Organization (for legal entity)



Trademarks

- The Lanham Act (Title 15 of the U.S. Code) is the Federal Statute Governing Trademarks
- The Lanham Act does not preempt the UCC for lien priority

Matter of Roman Cleanser Co.
43 B.R. 940 (Bankr. E.D. Mich. 1984)

- Lien in Trademarks is perfected by ...
 - Enforceable Security Agreement, and
 - Filing a Financing Statement in the State of Organization (for legal entity)

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Copyrights

- The Copyright Act (Title 17 of the U.S. Code) is the Federal Statute Governing Copyrights
- Registered vs. Unregistered Copyrights
- The Copyright Act **does** preempt the UCC for lien priority of **Registered** copyrights

In re Peregrine Entertainment, Ltd.
116 B.R. 194 (C.D. Cal. 1990)

- Lien in Patents is perfected by ...
 - Enforceable Security Agreement, and
 - Filing the Security Agreement in U.S. Copyright Office

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Copyrights

- The Copyright Act ***does not*** preempt the UCC for lien priority of ***Unregistered*** copyrights

*Aerocon Engineering, Inc. v. Silicon Valley Bank
(In re World Auxiliary Power Co)
303 F.3d 1120 (2002)*

- Lien in Unregistered Copyright is perfected by ...
 - Enforceable Security Agreement, and
 - Filing a Financing Statement in the State of Organization

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Typical U.S. Practice

- Patents and Federally Registered Trademarks
 - Record under both UCC and in USPTO
- Copyrights
 - Valuable
 - Require Debtor to Register Copyrights
 - Record in the U.S. Copyright Office
 - Other
 - Record under UCC

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Cautions

- Patents and Federally Registered Trademarks
 - Assignments recorded within 3 months after date of assignment take priority over later executed assignments (35 U.S.C. § 261; 15 U.S.C. § 1060(a)(4))
 - If Valuable: Consider Escrow of Funds until 3 months after loan
- Copyrights
 - Assignments recorded within 1 month after execution in U.S. (2 months outside U.S.) take priority over later executed assignments (17 U.S.C. § 205(d))
 - If Valuable: Consider Escrow of Funds until 2 months after loan

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Randall E. Colson
Randy.Colson@HaynesBoone.com
(214) 651-5665

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