



PROGRAM MATERIALS

Program #29137

October 24, 2019

Licensing and Commercializing Data as an Asset

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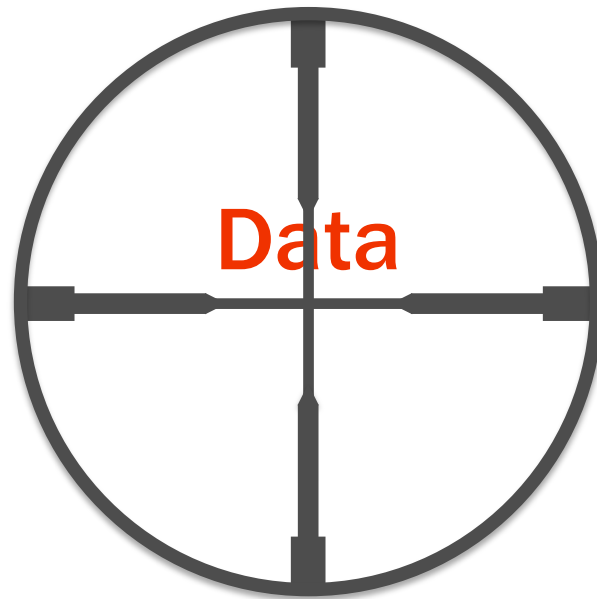


Data as an Asset

Licensing and Commercialization of Data

October 10, 2019

Jason Haislmaier



Data

*Increasing **abundance***

*Increasing **use***

*Increasing **reliance***

*Increasing **importance***

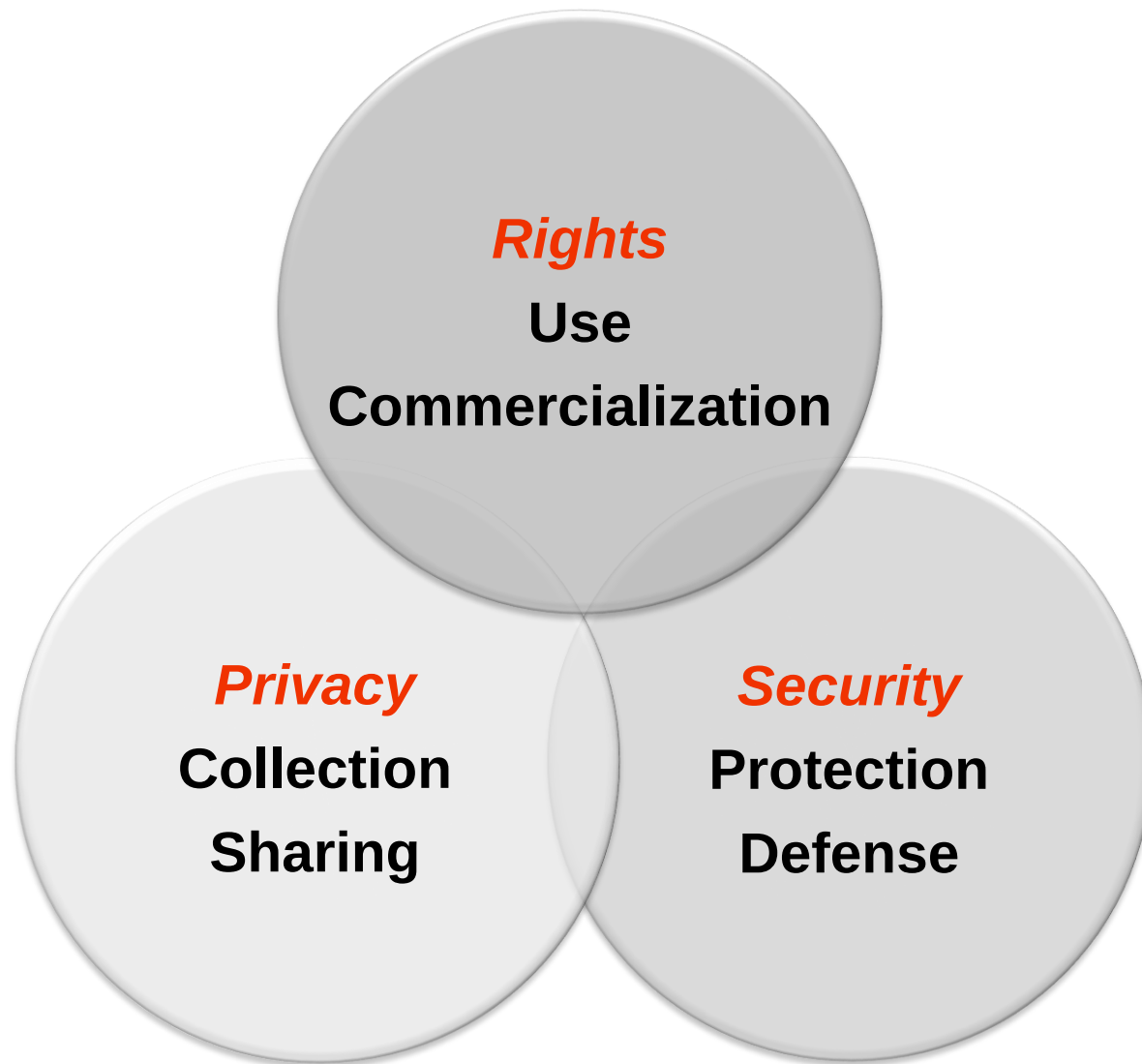
*Increasing **risk***

*Increasing **value***

Data

Privacy

Security



Data Commercialization

What makes the data valuable?

What is the data?

How is the data protected?

How is the data being commercialized?

What makes the data valuable?

“Data is the new oil”





“Data is just like crude. It’s valuable, but if unrefined it cannot really be used. It has to be changed into gas, plastic, chemicals, etc. to create a valuable entity that drives profitable activity; so must data be broken down, analyzed for it to have value.”

*Clive Humby
Association of National Advertisers (ANA)
Senior Marketer’s Summit, Kellogg School (2006)*



“The most valuable
commodity I know of
is information.”

*Gordon Gekko,
Wall Street (1987)*

The world's most valuable resource is no longer oil, but data

The data economy demands a new approach to antitrust rules



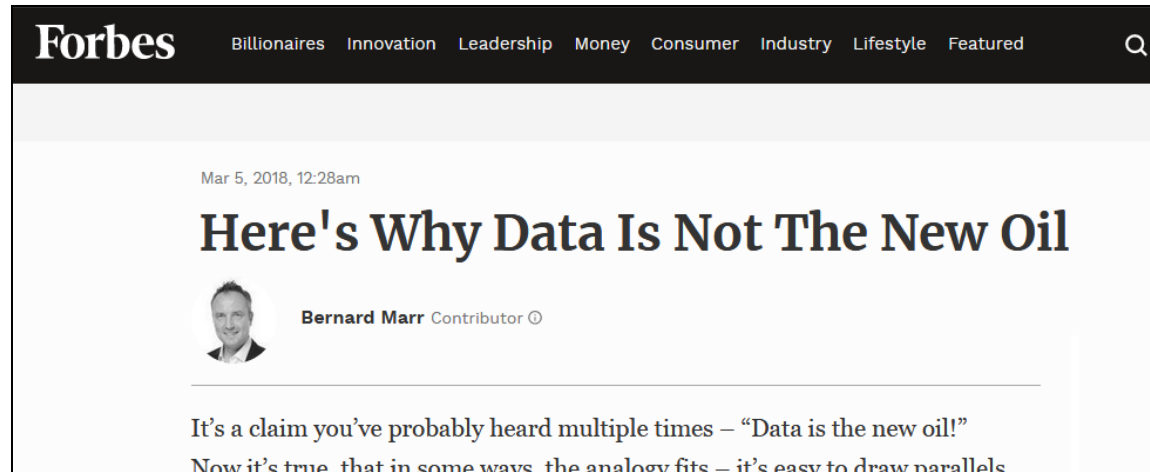
May 6th 2017

A NEW commodity spawns a lucrative, fast-growing industry, prompting antitrust regulators to step in to restrain those who control its flow. A century ago, the resource in question was oil. Now similar concerns are being raised by the giants that deal in data, the oil of the digital era. These titans—Alphabet (Google's parent company), Amazon,

✓ not
“Data is the new oil”



“[D]ata isn’t the new oil, in almost any metaphorical sense, and it’s supremely unhelpful to perpetuate the analogy.”



"[I]t's handy as a marketing shorthand (because it gets across the fact that data is a valuable commodity with many different uses across many applications)."

"[D]ata also has many other properties which cause the analogy to break down on more detailed inspection."

Increasingly available
Highly variable
Readily storable
Easily transportable
Indefinitely replicable
Highly durable
Infinitely reusable

“Data is an entirely new commodity”

What is the data?



All data is not created equal



“Trust, but verify”

Due Diligence

due dil-i-gence

[doo dil-i-juh ns]

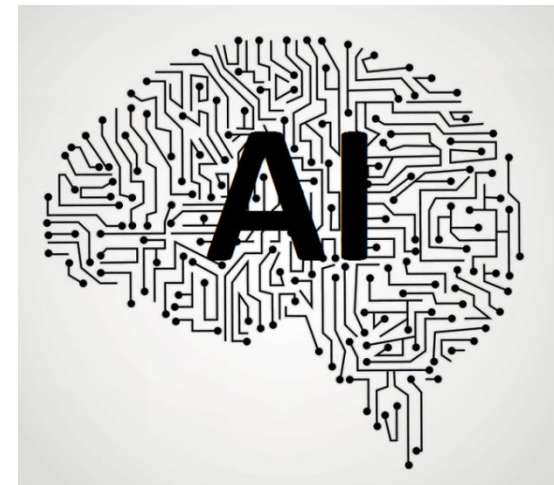
noun

- 1** *law*: the care that a reasonable person exercises to avoid harm to other persons or their property.
- 2** *business*: research and analysis of a company or organization done in preparation for a business transaction (such as a corporate merger or purchase of securities).

The easy case?

- Structured
- Normalized
- Curated
- Legally compliant
- Known source

The easy case?

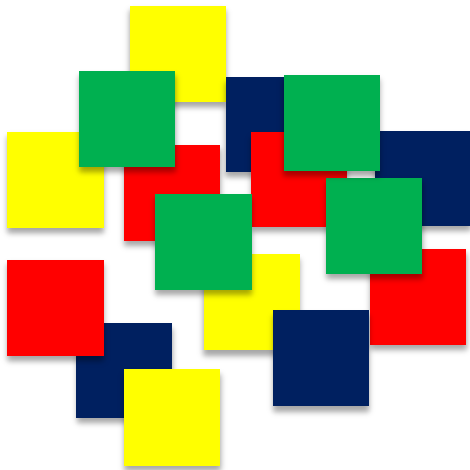


The reality?

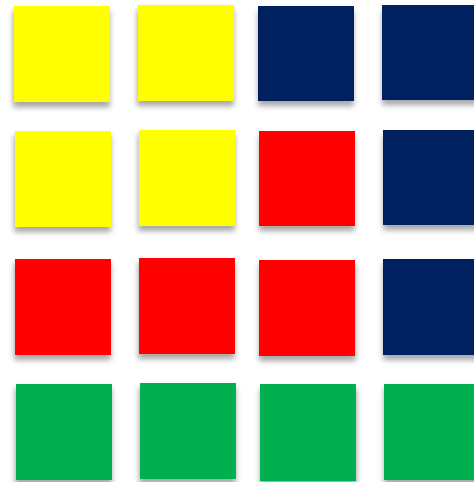
Data is not pretty



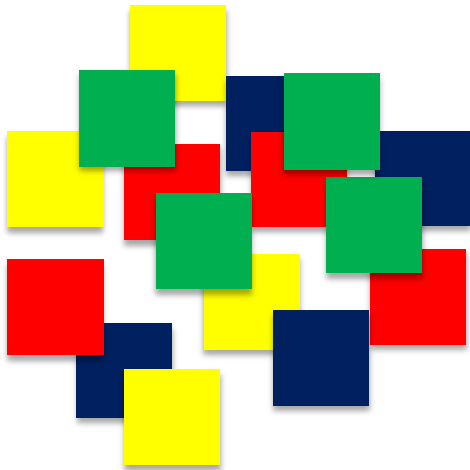
Unstructured



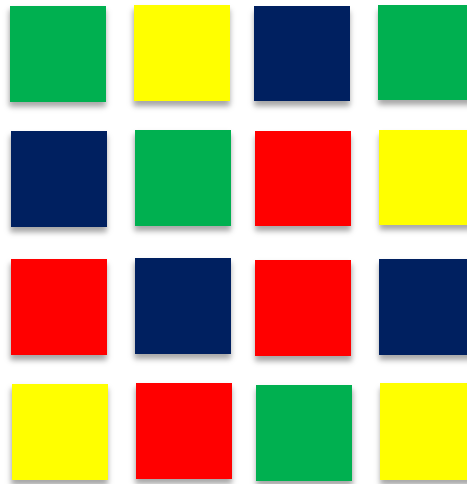
Structured



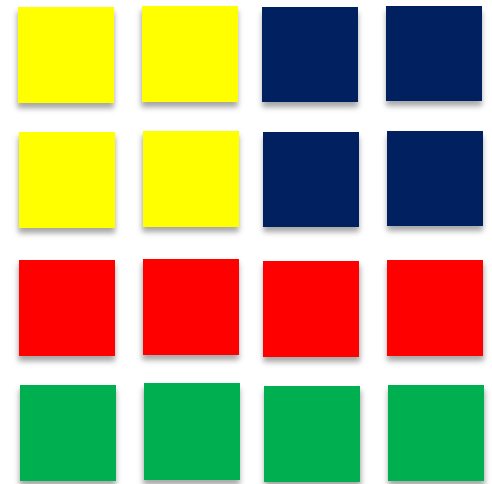
Unstructured



Semi-Structured

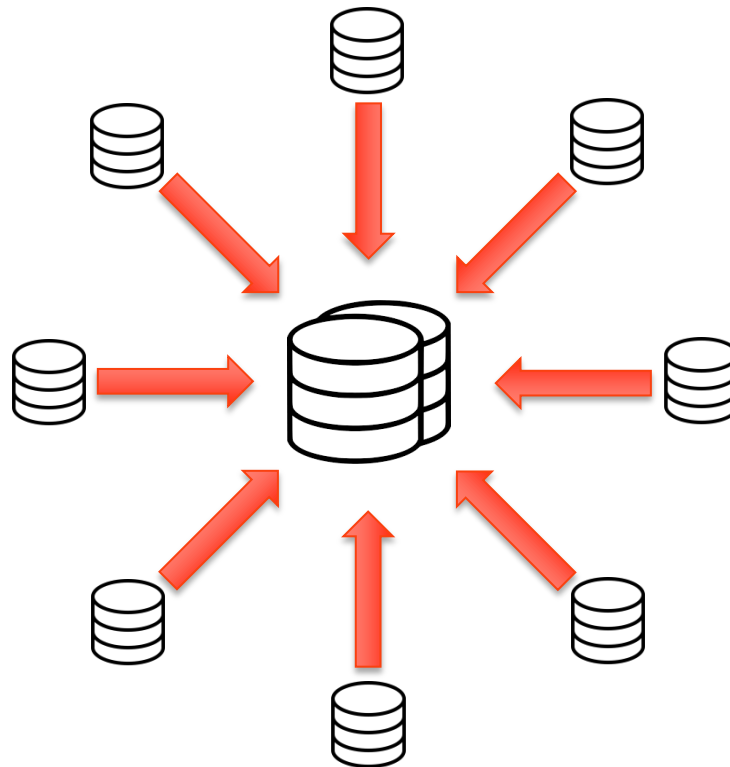


Structured



Single Source

Multi-Source



Curated

Uncurated

**Maintenance
Management
Validation
Enhancement**

Regulated



Unregulated



Anonymized

Identifiable

De-Identified

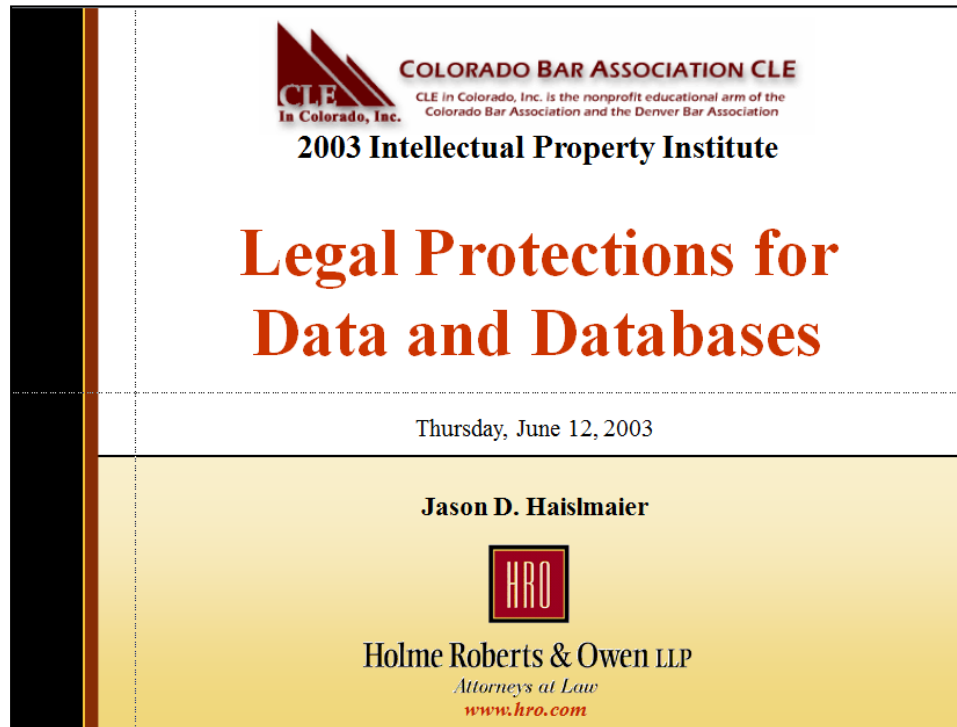
Re-identified

Data Considered for Sharing					Voter Registration Records (Identified Resource)			
Age	Zip Code	Gender	Diagnosis		Birthdate	Zip Code	Gender	Name
15	00000	Male	Diabetes	→	2/2/1989	00001	Female	Alice Smith
21	00001	Female	Influenza	→	3/3/1974	10000	Male	Bob Jones
36	10000	Male	Broken Arm	→	4/4/1919	10001	Female	Charlie Doe
91	10001	Female	Acid Reflux	→				

Public Data

Proprietary Data

How is the data protected?



“No specific comprehensive protection regime in the U.S.”

“Traditional IP rights provide only limited protections”

“New models for protection may emerge”

Patents

Ideas and
Inventions

Trademarks

Branding and
Identity

Copyrights

Creative
Expressions

Trade Secrets

“Know-How”





“The vast majority of works make the grade quite easily, as they possess some *creative spark*, no matter how crude, humble or obvious. ”

Justice Sandra Day O'Connor

Feist Publications, Inc. v. Rural Telephone Service Co.
499 U.S. 340 (1991)



“No one may claim *originality* as to facts [. . .] facts do not owe their origin to an act of *authorship*. The distinction is one between *creation and discovery*. The first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence.”

Justice Sandra Day O'Connor

Feist Publications, Inc. v. Rural Telephone Service Co.
499 U.S. 340 (1991)

TRADE SECRET

UNIFORM TRADE SECRETS ACT WITH 1985 AMENDMENTS

Drafted by the

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

(4) “Trade secret” means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

UNIFORM TRADE SECRETS ACT WITH 1985 AMENDMENTS

Drafted by the

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

(2) “Misappropriation” means:

(i) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or

(ii) disclosure or use of a trade secret of another without express or implied consent by a person who

(A) used improper means to acquire knowledge of the trade secret;
or

(B) at the time of disclosure or use, knew or had reason to know that his knowledge of the trade secret was

(I) derived from or through a person who had utilized improper means to acquire it;

(II) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or

(III) derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or

(C) before a material change of his [or her] position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

PUBLIC LAW 114–153—MAY 11, 2016

DEFEND TRADE SECRETS ACT OF 2016

Public Law 114–153
114th Congress

An Act

May 11, 2016
[S. 1890]

To amend chapter 90 of title 18, United States Code, to provide Federal jurisdiction for the theft of trade secrets, and for other purposes.

Defend Trade
Secrets Act of
2016.
18 USC 1 note.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “Defend Trade Secrets Act of
2016”.

SEC 2. FEDERAL JURISDICTION FOR THEFT OF TRADE SECRETS

sui generis protection

1.41 “**Data Rights**” means all rights in data or information, including without limitation: (a) any right to Process or otherwise utilize data or information; (b) trade secret rights and any other right to maintain data or information as confidential or prohibit its use by any Person or for any purpose; (d) the right to create derivative works and compilations from data or information; (e) any *sui generis* and other rights in databases or compilations of data or information; and (f) any rights available to the holder of any Copyrights or other applicable Intellectual Property rights in data or information.

sui generis protection

su·i ge·ne·ris

[soo, ī 'jenərəs,]

Adjective

Of one's or its own kind; peculiar.

[Latin *su generis* : of its own + genitive of *genus*, kind.]

**DIRECTIVE 96/9/EC OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

of 11 March 1996

on the legal protection of databases

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF
THE EUROPEAN UNION

legislation or case-law, and whereas, if differences

CHAPTER III

SUI GENERIS RIGHT

Article 7

Object of protection

1. Member States shall provide for a right for the maker of a database which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents to prevent extraction and/or re-utilization of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database.

Other Theories of Protection...

Contracts

**How is the data being
commercialized?**

(aka what's the deal?)

What is the
role of data
value of data
importance of data
to the transaction?

Words can make a difference

CIRCULAR 92

Copyright Law of the United States

and Related Laws Contained in Title 17 of the United States Code

WORK.

A “derivative work” is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications, which, as a whole, represent an original work of authorship, is a “derivative work”.

A “device” “machine” or “process” is one now known or later developed

Words can make a difference

CIRCULAR 92

Copyright Law of the United States

and Related Laws Contained in Title 17 of the United States Code

8.1 (h) **"Improvements"** means all modifications, revisions, enhancements, improvements, updates, upgrades, new versions, adaptations, or derivatives (including derivative works).

Words can make a difference

CIRCULAR 92

Copyright Law of the United States

and Related Laws Contained in Title 17 of the United States Code

derivative works

compilation

reproduce

distribute

display

perform

Words can make a difference

CIRCULAR 92

Copyright Law of the United States

and Related Laws Contained in Title 17 of the United States Code

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Does it matter Who “owns” the data?

Data Ownership vs. Data Rights

(c) Ownership of Data, All data relating to the performance and maintenance of industrial machinery and systems collected by ██████████ in connection with ██████████'s performance under any Statement of Work shall be owned by Customer; provided that Customer grants ██████████ the irrevocable, perpetual, nonexclusive, worldwide, royalty-free right and license to use, reproduce, display, distribute internally or externally and prepare derivative works based upon any such data collected from Customer. ██████████ shall not use or publish such data in any way which identifies Customer as the source of that data without the prior written consent of Customer. Upon request from Customer, ██████████ will provide an electronic copy of any such data collected from Customer.

Data Ownership vs. Data Rights

“ **Vendor Processed Data**” means any data set, including any Limited Data Sets (as defined below), that is created by **Vendor** in providing the **Vendor** Services and is the result of **Vendor**'s normalization, analysis, mapping, aggregation and other processing of the Subscriber Data. The **Vendor** Processed Data may contain PHI.

“ **Vendor Proprietary Materials**” means, collectively: (i) the **Vendor** Platform, (ii) the Documentation, (iii) the Subscriber Portal (excluding any Subscriber marks and branding that may be included on the Subscriber Portal), (iv) the **Vendor** Processed Data (excluding any PHI included therein) and the De-Identified Data (v) any other code, documentation, technology, works, inventions and know-how relating to the **Vendor** Services (whether or not customized or otherwise developed in connection with this Agreement) and (vi) any suggestions and feedback provided by or on behalf of Subscriber relating to any of the foregoing.

“**De-Identified Data**” means data that **Vendor** derives from the Subscriber Data and/or from the **Vendor** Processed Data (together with any data that **Vendor** obtains from third party sources) which **Vendor** may use and disclose in connection with its commercial, research and other business purposes and which has been de-identified in accordance with HIPAA. The De-Identified Data does not contain any PHI.

Data Ownership vs. Data Rights



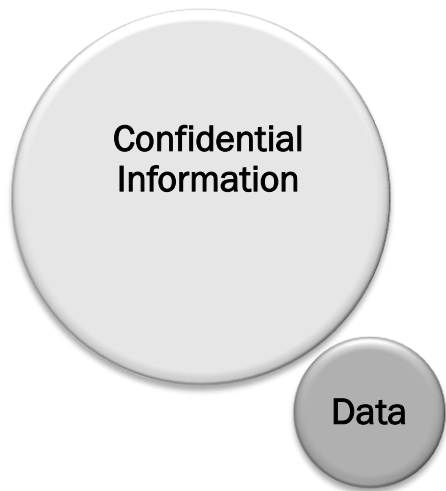
Data Ownership vs. Data Rights



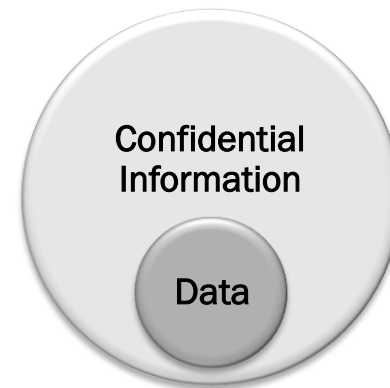
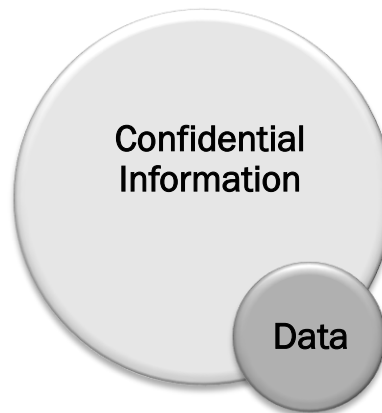
Exclusivity

Market/Field	1.15 “ Exclusive Markets ” means providing any Data Products to for-profit entities in the healthcare industry and their subcontractors, consultants, partners, and agents acting on behalf of any of such entities; provided, however, that the “Exclusive Markets” shall
Exclusive Grant	4.2 <u>Commercialization Licenses</u> . Subject to all the terms and conditions set forth in this Agreement, Licensors hereby separately grants to each Licensee Party a nontransferable (except as set forth in Section 15.8), sublicensable (subject to Section 4.2), royalty-bearing right and license, under all of Licensors’s rights (including Intellectual Property Rights) to use, reproduce, display, perform, distribute, license, sell, support, maintain, and
Restrictive Covenants	ARTICLE 11 CERTAIN COVENANTS 11.1 <u>Restrictive Covenant</u>. During the Term, Licensors covenants and agrees that it will not without the consent of the Licensee Parties:

Non-Confidential



Confidential



Non-Confidential

Confidential

3. The obligations set forth herein shall not apply to any information, and any information will not be considered the Confidential Information hereunder, to the extent that:

- (a) it is lawfully disclosed to Recipient (its affiliates or its representatives) by a third party without any obligation of confidentiality to Disclosing Party, and such Information was not acquired directly or indirectly from Disclosing Party;
- (b) it is information generally available to the public, or hereafter, through no act or omission on the part of Recipient (its affiliates or its representatives), it becomes information generally available to the public and without breach of this Agreement;
- (c) it was rightfully known by the Recipient prior to disclosure; or
- (d) Recipient can demonstrate by competent evidence that it was developed by or for Recipient (its affiliates or its representatives) independently of the disclosure of Confidential Information by Disclosing Party.; or

Expect unexpected uses for data

Closing thoughts...

BRYAN
CAVE
LEIGHTON PAISNER

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