

The Seven Secrets of Security Interests

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Well, they're not really *secrets*. But whether you're representing the bank taking a security interest, an owner granting one, or a buyer who wants to ensure that outstanding security interests are released before a deal closes, here are a few things to keep in mind when it comes to IP security interests.

1. *History is good.* Does the latest security interest agreement tell the whole story? Ideally, recitals should include details of the underlying credit agreement, security agreement, and any other relevant documents. If your security interest is a reaffirmation or supplemental filing, mention any documents previously recorded with the USPTO. Lay out all the details so the reader can get up to speed quickly.
2. *It's all in the details.* Make sure dates, corporate names, addresses, entity types, recordation information, and other specifics about agreements and parties referenced in the security interest are all correct. This also goes for your schedules of IP against which the security interest is granted – mark names and application and registration numbers and dates should all be correct.
3. *Keep U.S. IP separate?* If there is IP outside of the United States, and the security interest is granted in U.S. and non-U.S. IP, consider preparing separate security interest agreements for recording in different jurisdictions. Why disclose a full list of foreign IP in a filing publicly available on the USPTO website?
4. *Consider corrective IP filings or use of "DBA's."* You might discover ownership inaccuracies relating to the IP against which a security interest is to be granted or released. For example, the "Inc." that is part of the corporate name might not be listed in the ownership information on the USPTO website. Similarly, the corporate name might contain periods or spaces that are not reflected in the owner of record for the trademarks on the schedule. In some instances, the parties might file corrective documents with the USPTO in order to correct those errors. In other instances, consider whether you can list the incorrect owner name as a DBA for the granting or receiving party in the USPTO form. Either way, the parties to the security interest or release should be listed with the correct corporate name.
5. *Keep your chain of title orderly.* Did you know that more than one document can be recorded with the USPTO on the same day? If you need to record a release of one security interest before recording a new security interest, and those documents have the same effective date, you can do

that! On the online recordation form, just fill in “1” or “2” in the “Multiple assignments with the same execution date” section of the ETAS form.

6. *Matching scope of grant and scope of release.* When drafting releases of security interests, the scope of the original grant should match the scope of the security interest that is being released. Often this scope extends well beyond just the registered IP and includes intangibles like the goodwill of the business. Copy the language from the original security interest into the release document to ensure that the release exactly matches the interest that was originally granted.

7. *What to do about dead or new IP for releases of security interests?* Between the time a security interest is granted and a security interest is released, some registrations may have expired and some applications may have been abandoned, and new applications may have been filed. Should the dead IP and the new IP be included in the release? When it comes to the new IP, the answer is a more straightforward “no”; there’s no need to confuse chain of title by releasing a security interest that was never recorded to begin with. But dead IP is a trickier issue. If there isn’t a lot of dead IP, you might decide to include it in the schedule to a release – especially for any registrations that remain in the grace period or that remain listed as “active” in USPTO records even though the grace periods are long expired.

While these seven tips may not exactly be secrets, they are important to remember when it comes to preparing and recording those all-important security interests and releases!

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National Law Review, Volume IX, Number 51

Source URL: <https://natlawreview.com/article/seven-secrets-security-interests>