Intellectual Property Basics

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What is Intellectual Property?

- When we talk about intellectual property, we’re basically talking about brand names, books, inventions and secret formulas.
- Protecting these as assets is what intellectual property law is all about.
## Intellectual Property Rights

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When Thomas Edison ran electricity through an incandescent filament in 1879, he invented the modern light bulb, and what he got for it was a patent. Patents protect inventions.

A patent is a property right given by the government to an inventor that gives the inventor the right to exclude others from making, using, offering for sale or selling the invention. In return for that exclusive right, the inventor must disclose the invention to the public so that others can learn from it.
Types of Patents

- **Method** – A way of treating materials to produce a result. Examples: software processes, algorithms and the method for making plastics.

- **Machine** – A mechanically, electrically or electronically operated device for performing a task. In patent law, the term means the same thing as mechanism, device, engine or apparatus. Examples: plasma monitors and network routers.

- **Composition of Matter** – Chemical and metallurgical compositions. May include certain combinations of ingredients, as well as new compounds. Examples: chemicals, alloys and pharmaceuticals.

- **Manufacture** – An article that is manmade from raw materials. Essentially a catch-all category covering products other than machines and compositions of matter.

- **Other Categories** – Examples: ornamental designs and asexually produced plants.
Requirements for Patentability

- **Novelty** – Must be “new” (i.e., not already known by the general public or those skilled in the field of the invention).

- **Utility** – Must have a useful purpose and actually work. Must not be frivolous or immoral.

- **Non-Obviousness** – Must not be obvious to a person with ordinary skill in the field of the invention at the time the invention was made.
Obtaining Patent Rights

- Important to document all steps taken to come up with invention so that there will be a record to support validity of invention if challenged.

- If you let other people know about your invention before you file a patent application, you may lose the right to patent the invention.

- Registration required for protection, unlike trademarks, copyrights and trade secrets

- Term: typically 20 years, but actual term varies depending upon country issuing patent
International Applications and Foreign Patents

- Patent rights are territorial; need registration in each territory at issue for protection

- PCT Application (Patent Cooperation Treaty)
  - A “place-holder” international application
  - Must be filed within one year of the earliest priority application (provisional or non-provisional)
  - Can be used as a “national phase” application for individual countries
  - Extends time to file national phase applications to 30 or 31 months after earliest priority date

- European Patent Office (EPO)
  - European Patent is recognized by 36 member states and 2 extension states
  - Individual countries require fee and translation
Deciding Whether an Invention Should be Patented

- Can you afford a patent? Patent registration can be costly. Enforcement can also be costly.

- Is the invention patentable (i.e., is it novel, useful and non-obvious)? Need review by patent attorney.

- Is there a market for the invention, and what is the commercially viable life of the invention?

- How susceptible is the invention to “reverse engineering” or independent discovery? May be valid defenses to copyright infringement and misappropriation of trade secrets, but not patent infringement.
Deciding Whether an Invention Should be Patented

- Are your competitors working to come up with the same invention, and is it an invention that’s important to the industry?
- Would disclosing the invention give your competitors valuable information that you’d prefer to keep secret?
When Dr. John S. Pemberton mixed together sugar syrup and other ingredients in 1886 to make a refreshing new beverage, he came up with the secret formula for COCA-COLA®. He kept it secret and protected it as a trade secret.

A trade secret is information that: (1) provides a business with a competitive advantage; and (2) is treated in a way that can reasonably be expected to prevent the public or competitors from learning about it, absent improper acquisition or theft.
Elements of what constitutes “trade secret”

- A secret (i.e., not known by others);
- Not readily ascertainable; and
- Subject of efforts that are reasonable under the circumstances to maintain secrecy.
Key Differences between Trade Secrets and Patents

- **Public Disclosure** – Whereas a patent must be disclosed to the public upon registration, a trade secret must never be disclosed to the public.

- **Extent of Protection** – Trade secret law gives you no recourse against people who come up with the information on their own or figure out the information through “reverse engineering.” In contrast, independent discovery and “reverse engineering” are not defenses to an action for patent infringement.

- **Length of Protection** – Patent protection usually lasts for about 20 years, but trade secret protection is available for as long as the information stays a secret.

- **Registration** – Unlike a patent, a trade secret need not be registered, so it’s generally less costly to maintain a trade secret as compared to a patent.
When Ernest Hemingway wrote *The Old Man and the Sea* in 1952, what he wrote was protected by copyright.

Copyright protects creative works like software code, website content, musical compositions, audio recordings, movies, books, articles, diagrams and photos.
How to Obtain Copyright Protection

- In U.S., copyright exists upon fixation of work in tangible medium; no registration necessary
- Work must embody a threshold degree of originality
- Exclusive rights of copyright owner:
  - Reproduce work
  - Prepare derivative works
  - Distribute work to the public
  - Perform work in public
  - Display work in public
- Term: generally, 70 years after death of author; if corporate authorship, 95 years from publication or 120 years from creation, whichever expires first
Benefits of Copyright Registration

- Registration required before a copyright owner can bring suit for infringement
- Statutory damages and attorneys’ fees available in infringement action if work registered before infringement or within 3 months after publication
- Registration may serve as presumptive evidence that the copyright in the work is valid
- Registration may give actual or constructive notice of copyright claim
- Registration may be recorded with U.S. Customs Service to prevent importation of infringing goods
Protection against copyright infringement in a particular country depends on the laws of that country.

Most countries do offer protection to foreign works under certain conditions, which have been greatly simplified by international copyright treaties and conventions.

For example, the Berne Convention for the Protection of Literary and Artistic Works provides that each member country will recognize copyrighted works authored by nationals of other member countries. There are almost 100 member countries in the Berne Convention.
When George Eastman came up with the name KODAK® for his camera in 1883, what he came up with was a trademark. Trademarks include brand names, logos, slogans and even product shapes, colors and sounds.
What is a Trademark?

- Trademarks are what are commonly referred to as brand names, but there are other types of trademarks.
- Essentially, trademarks let consumers know that what they’re buying comes from a particular source. They are identifiers that set one company’s goods and services apart from those of others.
- A trademark takes the role of an adjective, which modifies a noun. The noun is the generic name for the product or service.
  - SLASHDOT news service; INTEL microprocessor; ORACLE software; CAPGEMINI consulting services
Choosing Trademarks

- The strength of a trademark varies according to its distinctiveness.
- Generic words are never protectable as trademarks. For example, CAR is not protectable as a trademark for a brand of cars, and COMPUTER is not protectable as a brand of computers.
- Fanciful names (i.e., made-up words) are generally the strongest.
Choosing a Trademark

- **Not distinctive, no protection**
  - Generic
    - (Name of product/service)
    - Car
    - Computer
    - Financial services
  - Descriptive
    - (Tells something about product/service directly)
    - Premium gasoline
    - Yellow book
    - California wines (geographic)
    - Lincoln (surname)
  - Suggestive
    - (Suggests something about product/service indirectly)
    - COPPERTONE sunscreen
    - DURACELL batteries
    - ROUND THE CLOCK hosiery
  - Arbitrary
    - (No relationship to product/service)
    - ADOBE software
    - DOMINO sugar
    - SUBWAY sandwiches
  - Fanciful
    - (Made-up)
    - KODAK
    - EXXON
    - XEROX

- **Inherently distinctive, full protection**
  - Protectable only upon showing of acquired distinctiveness through advertising and sales
How to Obtain Trademark Rights

- In U.S., common law rights exist upon use; not so in most other countries, where first party to file for registration has priority
- Apply for trademark registration in most important countries
- Apply for related domain names before product launches
- Takes 1.5 – 10 years to obtain registration, depending on country
- Term: with continued use, could be perpetual
Benefits of Federal Trademark Registration

- *Prima facie* evidence of (1) validity of mark; (2) ownership of mark; and (3) exclusive right to use mark in commerce in connection with specified goods or services. 15 U.S.C. § 1057(b).

- Filing constitutes constructive use, conferring nationwide priority, except against prior use by others. 15 U.S.C. § 1057(c).


- May be recorded with U.S. Customs Service to prevent importation of infringing goods. 15 U.S.C. § 1124.

- May serve as basis for foreign registration of same mark.

- Will be listed in search reports, which helps give notice to others and deter adoption of confusingly similar marks by others.
Trademark protection is generally available only on a country-by-country basis. Registration of a trademark in one country does not necessarily give the trademark owner any trademark rights in another country.

However, international conventions and treaties, such as the Berne Convention for the Protection of Industrial Property and the Madrid Protocol, have made it easier to register trademarks in multiple countries.
- Seek advice of legal counsel.
- For what types of IP protection does work product qualify?
  - Software may be eligible for copyright, patent and trade secret protection
  - Logo may be eligible for trademark, copyright and design patent protection
- Who will own trademarks, copyrights, patents and trade secrets? Each can have a different owner.
Spotting Issues - Patents

- Who owns the invention?
  - Check your employment agreement. Did you agree to assign patent rights to your employer?
  - Even absent a written agreement, your employer may own the invention if you were hired to invent.

- Document development process.
- Don’t disclose any know-how that you may later want to patent without filing patent application or obtaining a non-disclosure agreement.
- File application as soon as practicable.
- Extend application to key foreign markets.
Spotting Issues – Trade Secrets

- Limit disclosure. Share information only with those who have need to know.
- Implement appropriate safeguards to protect secrecy of information.
- Do not disclose confidential or proprietary information without having a non-disclosure agreement in place.
Spotting Issues - Copyrights

- Who owns the copyrighted work?
  - Did you write it in the course of your employment? If so, your employer may own the work.
  - Did an independent contractor create the work for you? If so, the independent contractor may own the work unless you get a written assignment of rights.

- For significant works (e.g., software code, manuscripts), seek registration immediately upon publication.
Spotting Issues - Trademarks

- Choose trademarks that are distinctive.
- Apply to register trademarks on intent-to-use basis in U.S. Patent and Trademark Office as soon as possible to establish priority.
- Register domain names as early as possible to prevent others from taking those that are most useful.
- Consider applications in key foreign markets.
Useful Sites

- United States Patent and Trademark Office (USPTO)
  http://www.uspto.gov/
- United States Copyright Office
  http://www.copyright.gov/
- European Patent Office (EPO)
  http://www.epo.org/
- Office of Harmonization for the Internal Market (OHIM),
  the European Union agency for trademarks and designs
  http://oami.europa.eu/
- World Intellectual Property Organization (WIPO)
  http://www.wipo.int/
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