

INTELLECTUAL PROPERTY PRIMER

- AN INTRODUCTION TO PROTECTING INTELLECTUAL PROPERTY RIGHTS -

I. OVERVIEW

"Intellectual property" is a general term that refers to a variety of legal mechanisms to protect intangible personal property rights. Some forms of intellectual property or "IP" are identified by a certificate issued by either the federal or state government, while others have been developed by the courts over time in recognition of what is fair and important to business and the public, referred to as the "common law." Other types of intellectual property take both forms.

Each form of intellectual property has its own rules and requirements for achieving protection and is designed to protect a particular aspect of a product, service, art form, or other intangible asset. For a given situation, one form of intellectual property may be of significantly greater benefit than others or may be the only protection possible. Sorting out what forms of protection are available to you or your company is, therefore, the first step in establishing an effective intellectual property protection program.

How much protection a business or a particular project needs for its intellectual property is a highly individualized determination that can be based upon the type of business you are engaged in, who your competitors are, the way in which you compete, the manner in which you market your products and business, and the way in which your business recoups its investments. A program that is right for one company may be wrong for another. As always, costs and return on expenses play a major role.

The most common forms of intellectual property fall into the following categories:

- **PATENTS** - inventions, developments, and improvements, such as devices, machines, methods of manufacture, business methods, pharmaceutical products, ornamental designs for useful objects, and new varieties of plants.
- **TRADEMARKS** - product and company names, logos, and other identifiers.
- **COPYRIGHTS** - marketing materials, catalogs, manuals, and software.
- **TRADE SECRETS** - confidential business, financial, and technical information.

Although this list is of distinct forms of intellectual property, in many cases, several types of intellectual property protection may apply to the same product. For example, the exterior design of a piece of equipment, in some instances, can be protected under both the patent and the trademark laws.

There are other forms of intellectual property-related law, such as rights of publicity and rights of privacy, that have been developing over time, as well as specific state statutes, such as state consumer protection laws. All of these areas can play a role in developing a program for protecting the intangible assets of your business.

This information is intended to provide a general overview of some forms of intellectual property in order to make your meetings with intellectual property counsel more efficient and productive. This primer does not constitute legal advice or take the place of competent legal advice from intellectual property counsel.

II. PATENTS

WHAT IS A PATENT?

A patent is a certificate issued by the federal government that grants to the owner an exclusive right to exclude others from making, using, selling or offering to sell an invention for a limited period of time, i.e., 20 years from the filing date of a utility patent application. This right to stop others from practicing a new technical development is in return for a complete disclosure by the inventors of all of the important information relating to the development. A patent can therefore be considered a type of trade-off with the federal government that is intended to promote the public good. In return for the inventor disclosing all of the important information relating to a new technological advance, the government provides a limited period of exclusivity to the inventors, and upon expiration all of the information passes into the public domain and is freely available for everyone to use.

WHAT CAN BE PATENTED?

Any useful technical development potentially can be patented if it meets the other requirements of being sufficiently different from prior technology and a sufficient disclosure of information is provided. Patents can protect processes, machines, articles of manufacture, such as hand tools or immobile furniture items, or compositions of matter, such as new chemical formulations. Patents are granted for high technology developments as well as relatively mundane household items. In some situations, business methods and computer software can also be patented in the United States with useful, concrete, and tangible descriptions. However, the subject matter requirements for patents varies in different countries.

AN INVENTION MUST BE NEW AND NONOBVIOUS TO BE PATENTED.

In order to qualify for a patent, a development must overcome two basic hurdles when compared to pre-existing technology. First, an invention must be new, and must have never existed before as a single cohesive item. Second, the invention must not be an obvious development when considered against the entire background of pre-existing technology. These two tests, novelty and of nonobviousness, are the principal criteria applied by the Patent Office along with the formal requirements regarding adequate disclosure of information relating to the invention.

The United States Patent and Trademark Office is interested in promoting the good of the United States public, and therefore a patent application is compared to prior technology that is at least theoretically available to the United States public at large. For this reason, prior technology, referred to as "prior art," is evaluated from a variety of sources. Patents and printed publications generated anywhere in the world are considered since they could at least theoretically be found by members of the United States public by searching libraries and the like. Other forms of prior art, although typically less available during examination of a patent application, includes public disclosures occurring anywhere in the world.

DEADLINE FOR FILING A PATENT APPLICATION.

If a company only has an interest in patent protection for the United States and Canada, there is a 1-year grace period for filing a patent application. If there is any interest in the possibility of eventually pursuing patent protection in foreign countries, there is no grace period, and an application must be filed with the United States Patent and Trademark Office before there is any public disclosure or commercialization of the invention. However, it should be cautioned to rely upon the grace period under the relatively new First-to-File system in the United States, which does not provide Applicants with the

ability to prove an earlier date of invention from its date of filing a patent application. Therefore, for example, if a different inventor files a patent application on a similar invention after you invented something but before your patent application filing date, the only means to remove the previously filed application from consideration by the Examiner is to prove that the different inventor had access to and misappropriated your invention. In view of the First-to-File system, inventors are encouraged to file patent applications expediently.

PROCEDURE FOR FILING AND ISSUING A PATENT.

A. SEARCHING AND CLEARANCE OF AN INVENTION.

A search of the Patent Office records can be conducted in order to determine the chances of successfully obtaining a patent that adequately covers the features of interest in a company's invention. Conducting a patentability search is optional before filing a patent application, but is useful to determine whether the expense of a full patent application is warranted. A patentability search also helps to focus the preparation of a patent application on those features or aspects of an invention that are new rather than dwelling on unpatentable features. If a search is conducted, any patents that are found which are material to the invention will be provided along with the application to the Patent Examiner. Inventors and their attorneys have a legal obligation to inform the Patent Examiner of all material prior art of which they are aware, including prior technology of their own company as well as competitors. Ultimately, the disclosure of all known material prior art produces a stronger patent, since this reduces the effect of an infringer later arguing that the Examiner was mistaken in granting the patent due to the best prior art being kept from the Examiner. Regardless of the information submitted, the Patent Examiner will conduct a search for prior art and combine his or her results with any information the applicant submits.

Other types of patent searches can be conducted that have a different focus. Examples are searches for patents owned by a particular company, referred to as an "assignee" search. Such searches are useful in determining if a competitor has protected a product or when deciding what value to place on a company under consideration for purchase. An infringement or clearance search can be conducted if there is some level of concern that your company's new product may face an infringement risk. A "validity" search can be undertaken if your company is threatened with or otherwise concerned as to risk of infringement in order to determine whether there is a chance of establishing that the patent is invalid or to establish that the scope of that patent is restricted in a manner that avoids infringement.

B. PREPARING AND FILING AN APPLICATION.

A patent application is individually written for a specific invention, and thus can be a complicated and involved document. An application must include a written description of the invention that would enable a person skilled in the relevant technical field to both make and use the invention. This description virtually always includes illustrations of the invention and also describes the best manner known to the inventor for practicing the invention. The application includes an oath signed by the inventors that attests that they believe the application complies with the requirements of the patent laws, and the application concludes with claims that lay out the scope of protection that is provided for the disclosed technology.

A patent application is intended to be written for a person of ordinary skill in the relevant field of technology to the invention. An application, therefore, does not need to be a manufacturing blueprint since many minute details of a particular machine are not necessary to the invention that is incorporated into that machine. Specific dimensions or tolerances are normally unnecessary. In some instances, however, specific dimensions or tolerances may be critical to the performance of the invention or may

actually be what sets the invention apart from prior technology and, therefore, would have to be included in the application. Although a patent is legally to be directed towards a person of ordinary skill in the relevant art, ultimately patents are evaluated by judges without technical backgrounds or by lay juries with no technical experience whatsoever. For this reason, the patent attorneys writing the application will employ a balancing act between explaining the invention in simplistic terms that can be grasped by a lay person while still complying with the technical disclosure requirements of the patent law.

Patent drawings are governed by rules specific to the Patent Office that permit the drawings to be later printed in the issued patent. Often, copies of conventional engineering drawings or simply rough sketches can be used for the preparation and initial filing of a patent application. Although, eventually, formalized drawings must be submitted for utility and design patent applications in order to meet Patent Office requirements.

The patent application, oath, and fee are filed with the Patent Office. After the original filing, no new information can be added to the application, even if it is later decided that insufficient information on the invention was originally provided. The particular way the information is stated can be amended or the focus changed for the claimed scope of protection, but no substantive information can be added. It is, therefore, important to make a complete disclosure in the first instance.

Patent applications are initially maintained in secret by the Patent Office, however, utility patent applications are published eighteen months after their filing date, unless the owner elects never to file the application outside of the United States. Also, design patents are published at the time of issuance. These types of patents provide different forms of patent protection and more than one of each may be filed on a particular invention. Essentially, a utility patent protects an article's functional, while a design patents protects an article's ornamental design or appearance. Accordingly, utility patent applications include a specification that describes how to make and use the invention and claims that define the legal bounds of protection of the invention, while the drawings of a design patent applications define the protection.

There is also a form of place-holder application, called a "provisional" patent application that may establish an early filing date for an invention. A provisional application does not undergo examination, and will not result in a patent, unless a formal utility patent application is be filed within one year of the provisional application filing date. A provisional application has fewer formalities, typically resulting a lower preparation cost, and lets the applicant claim "patent pending" on the invention during its 12 month life. There are a variety of reasons for filing a provisional application. These reasons often relate to time restrictions on preparation for filing, cost, uncertain value of an invention, and/or urgency to obtain an early filing date.

C. PROSECUTING A PATENT APPLICATION WITH THE U.S. PATENT OFFICE.

Once a utility or design patent application is filed, it is assigned to an Examiner at the Patent and Trademark Office who is thereafter responsible for that application. It is not uncommon for it to take a year or more to receive a first substantive action on the application. This takes the form of a written communication, called an "Office Action," that states any reasons for rejecting your application. In the vast majority of applications, a rejection of some or all of the application is received. The Examiner will have conducted his own search and will invariably find some different prior art than that provided by the inventors. If there is a substantive rejection, an applicant is normally permitted three months to respond, although extensions can be obtained by payment of a fee up to a total of six months. Responses are most often in the form of a written argument, although a personal or telephonic interview can be conducted

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with the Examiner and followed up with a written argument. The form of response is governed by the rejection made by the Examiner, in addition to the value of the invention and timing considerations.

Based on the arguments and any amendments to the claims presented in a response, the Examiner may or may not allow the claims. Another round of Examiner's rejections and attorney's arguments is fairly common. If the application proceeds to a final rejection of the claims, at least one more amendment can be made to further argue and amend, if necessary. If the next response is unsuccessful and the inventor and inventor's attorney are in agreement, an appeal can be made to the Board of Appeals. The Board of Appeals is a group of administrative judges, the majority of whom were patent examiners. An appeal, however, can be a relatively costly route.

Once agreement is reached on the claimed protection, the application is allowed and an issue fee is paid for the patent to be granted. The fees charged by the U.S. Patent Office, however, are adjusted on a periodic basis. Additional information related to filing procedures and requirements, patent laws and rules, and also basic facts about patents can be found at the U.S. Patent Office website, www.uspto.gov.

PROVIDING NOTICE OF A PATENT.

After a patent issues, any product covered by that patent should be appropriately marked with the patent number in order to preserve the right to the full range of remedies available under the patent law. An appropriate notice of the patent would be "U. S. Patent No. _____." Marking a product as "patented" or using the term "patented" in the marketing of a product is only appropriate if a patent has actually been granted by the Patent Office relating to that product.

The notice "Patent Pending" or "Pat. Pend." may be used once an application has actually been filed with the Patent and Trademark Office. Although this form of notice does not itself generate any remedies prior to issuance of a patent, it may have the effect of causing competitors to be more wary in introducing competitive products. A patent pending notice may only be properly used after the application has been filed.

The patent marking can be placed on the product itself or the product packaging, and may also be "virtually" marked with a website that lists the associated patent numbers, thereby avoiding re-tooling or printing costs for adding or removing patent numbers. To ensure a product is adequately marked, these marking options should be explored with your patent attorney.

HOW LONG DOES A PATENT LAST?

Under current law, a utility patent lasts for twenty (20) years from the filing date of the earliest application that the patent relates back to and a design patent lasts for fifteen (15) years from the issue date. Under prior United States law, utility patents lasted for seventeen (17) years from the issue date and design patents lasted for fourteen (14) years from the issue date.

In order to keep a United States utility patent in force, a maintenance fee must be paid at 3 ½, 7 ½, and 11 ½ years after its issuance. Failure to pay these maintenance fees will cause the patent to lapse before its entire term has run. Although the Patent Office mails notices of these maintenance fees to the correspondent's address it has on file, your patent attorneys should maintain a docket of these payment dates in order to determine whether your company wishes to keep a patent in force.

WHO OWNS A PATENT?

A patent application and any resulting patent is owned by the inventor(s) of the claimed invention, unless a written assignment is made or the inventors are under an obligation to assign the invention, such as an employment contract. Therefore, as patent claims change during prosecution of a patent application, it is possible that inventorship and potentially ownership could be impacted. In the case of more than one inventor or assignee, each joint owner of a patent may make, use, license, and sell the patented invention without the permission of or the need to account to the other joint owners. Selling the entire patent, providing an exclusive license, or pursuing infringement claims, however, requires all the joint owners to work together. In view of the complications of multiple owners, it is common for jointly owned patent applications to be assigned to a single entity or allow the joint ownership to be governed by a written agreement made before development of the invention occurs. To maintain ownership records of patents and patent applications, assignments are recorded with the U.S. Patent Office.

VIOLATION OF PATENT RIGHTS - INFRINGEMENT OF THE CLAIMS.

A patent can be infringed by doing any one or more of the following acts within the United States or its territories: (1) manufacturing a product incorporating the invention, (2) using a product incorporating the invention, (3) offering for sale a product incorporating the invention, (4) selling a product incorporating the invention, or (5) importing a product that includes the invention. Although activities outside the United States do not infringe a patent, once a product incorporating a patented invention is brought into the United States or offered for sale in the United States, a violation would occur. There are also specific rules encompassing infringement by practicing what otherwise would be an infringing process outside of the United States and then bringing products made under that process into the United States. Inducing others to infringe a patent or making components having no use other than as an infringing machine can also be infringement.

Infringement of a patent is governed by the numbered claims that appear at the end of the patent document. Those claims are comparable to a cooking recipe with each claim element or requirement corresponding to a recipe ingredient. If each ingredient listed in the recipe or claim is included in an accused product, then the patent is infringed. With the exception of chemical-related patents, this is normally true even if the accused product includes additional elements or ingredients beyond those specified in the patent claim. In some instances, an accused product may infringe if one or more of the claimed requirements is replaced with a legal equivalent.

Evaluating a patent for infringement is a highly complex analysis that involves review of all of the Patent Office documents relating to that patent. Although the description and drawings of the patent provide an explanation of the invention for purposes of this analysis, the question of infringement is ultimately governed by the claims.

A patent violation is enforced by way of bringing a civil infringement suit in the United States Federal Courts. If the infringement involves importation, a similar action can be brought in the International Trade Commission in order to obtain an exclusion order that prevents further importation of the infringing device. Although patent infringement suits are relatively lengthy, the patent law provides for an award of monetary damages for past infringement as well as a court-ordered injunction against further infringement, and, in the case of willful infringement, the potential for increased damages and attorney fees.

PATENTS PROVIDE THE RIGHT TO STOP OTHERS - NOT A RIGHT TO USE

A patent gives its owner a right to stop others from using the invention. This is a concept that is readily understood. More difficult to grasp is the fact that a patent does not itself give its owner the right to practice, or use, the invention. The reason for this is that most inventions and their patents are for an improvement over a prior technology. Even if that prior technology is still patented, if a sufficient improvement is invented, a patent may be granted for the improvement. This does not mean that the later improvement developer is free to infringe the earlier patent without authorization from the earlier patent owner. If the prior technology is in the public domain, such as by all of its patents having expired or never having been patented in the first place, then the later improvement developer may practice his or her invention without infringement.

FOREIGN PATENT BASICS

Patents are country-specific and are rights limited to the borders of the issuing country. For example, a U.S. patent does not prevent infringement in any other country. Therefore, to seek protection for an invention outside the United States, a foreign filing strategy must be implemented. Many factors need to be considered when deciding where to file foreign patent applications. Some factors relate to the potential market and manufacturing centers for the invention, and other factors relate to the protectability and enforceability of the invention under the country's intellectual property laws. Unfortunately, foreign patent protection can be quite expensive, depending on the size and complexity of the application, the need for translations, and the country or countries an applicant chooses to file.

After filing a U.S. patent application, there is a 12 month timeframe available for applying for patent protection outside the United States and claiming priority to the filing date of the U.S. application. Some potential filing strategies are to (1) file directly with the foreign countries, (2) file directly with regional patent offices, such as the European Patent Office, or (3) file an international application under the Patent Cooperation Treaty (PCT). With regional patent applications and PCT applications, an applicant must still obtain a registration from each individual country to gain enforceable patent rights; however, regional and PCT applications can afford translation cost savings and provide additional time for an applicant to determine what countries it will ultimately seek patent rights. Specifically, a PCT application delays national stage filing costs and decisions by at least 18 months from filing the PCT application. Many applicants use this time to refine the invention, research their markets, and look for licensees or buyers. Frequently, the number of countries in which an applicant desires protection will assist in determining whether a PCT application will be more cost effective than other routes.

Since each country has its own rules for patentability of inventions, PCT patent applications should be carefully drafted to allow the various jurisdictions that may be sought after for patent protection to use claim terms that are fully supported by the originally filed description. Like the United States, many countries also have different forms of patent protection and application filing procedures that can be utilized depending on the importance of the invention and other business and legal considerations. Whatever strategy is taken for foreign patent protection, early planning is critical to success.

III. TRADEMARKS AND SERVICE MARKS

WHAT IS A TRADEMARK?

A trademark is any word, name, symbol, sound, color, smell, or device that is used to identify and distinguish the products of a person or company. Most readily recognized traditional forms of trademarks are product names and logos, which the purchasing public often refers to as the "brand" of that product. The term "service mark" is used for a mark that is used to identify and distinguish the services provided by a person or company, such as restaurant or banking services, as opposed to a physical product. The term "trademark" is often used to broadly encompass service marks as well as traditional trademarks.

TRADE NAMES AND COMPANY NAMES.

A trade name can be the legal name of a company or may be a name under which it does business even though not actually incorporated under that name. For reasons that are primarily historical, trade names themselves are not federally registered, although may be registered by states. This does not mean that trade names fall outside the realm of trade-mark protection. A company name is quite often federally registrable as a service mark for services that the company provides. If the company name is also used as a trademark for products, that name can be federally registered as a trademark for those goods. Regardless, trade names are traditionally protected under state and common law unfair competition laws. The manner in which a trade name is used on products or their packaging quite often will dictate whether it will be considered a trademark protected under federal law or a trade name protected under the common law.

WHAT CAN BE A TRADEMARK?

Anything that identifies your company's products and services and distinguishes them from the products and services of other companies can potentially be a trademark. The two most common are words that serve as brands and logos that include some type of pictorial design. The proper subject matter for trademarks includes much more than these, however, and may include slogans, letter acronyms, unique color combinations, container shapes and packaging features, configurations of products themselves, sounds, and scents. Even this list is not exhaustive. If there is some indicia that your company uses to uniquely identify its products or services, it has the potential of being a protectable trademark.

It is more difficult to obtain protection from some types of identifiers compared to others. For example, various color combinations or patterns have long been recognized as being a protectable trademark. More recently, protection has been extended to the use of a single unique color for a product, but establishing that a single product color merits protection for exclusive use by one company remains more difficult than establishing rights to other types of marks. Similarly, the exterior visual design or shape of a product or piece of equipment, or at least the nonfunctional features of that shape, can be established in the right circumstances as a trademark for that product. Establishing trademark rights in the shape of a product itself is normally more difficult than establishing rights in a unique packaging design, for example. Under the right circumstances, however, these can represent extremely valuable proprietary rights of a company.

A TRADEMARK MUST IDENTIFY THE SOURCE OF A PRODUCT OR SERVICE.

Not all words and pictures can be protected as marks for products and services. To be protectable, the mark must be capable of distinguishing one company's products or services from those of others. Although a trademark does not have to tell purchasers who the company is that is the source for the product, the trademark must convey to purchasers that this particular product either comes from or is authorized by a single source. For that reason, generic names of products and services can never be a trademark. Examples of generic names would be the word "chair" for a seat having a back, or the word "automobile" for a vehicle that rolls on the ground. It would be fundamentally unfair to permit a single company the exclusive right to use such a generic name to refer to their product. At the other end of the spectrum are arbitrary marks that have no relationship to the underlying product, such as "Apple" for computers, or coined words that may not be a word at all, such as "Kodak."

Between the generic and arbitrary ends of the spectrum are the remaining types of words and designs that bear some relationship to the underlying product. Two other categories have been named for purposes of analyzing the protectability of a trademark. The category of "suggestive" marks falls just before arbitrary or coined marks. A suggestive mark is one that suggests some attribute of the underlying product or service, but does not actually describe the product or a feature of that product. Suggestive trademarks can be immediately protected upon commencing use.

"Descriptive" marks fall between generic terms and suggestive marks. A "descriptive" term is one that actually describes the product or a feature of the product, but is not the common generic name of the product. When a "descriptive" term is first used, purchasers recognize it as describing some feature of the product and not as distinguishing that product from those of competitors. If a "descriptive" term is used sufficiently and by only one source for a product, that term can gain recognition among purchasers as identifying a single company's product. At that point, the "descriptive" term will have achieved trademark significance and can be protected. This is referred to as achieving "secondary meaning": the term no longer has just its "primary" descriptive meaning, but also has its "secondary" meaning as a trademark for this particular product.

PROTECTION AND REGISTRATION OF TRADEMARKS AND SERVICE MARKS.

Trademarks are protected under federal law, state statutory law, and the common law. A trademark does not have to be registered in order to be protected. Although an application to register a trademark can be filed before the trademark is actually used, protection of the trademark arises from a company's use of a trademark. Trademarks not only benefit their owners, but benefit the public by allowing the public to distinguish and purchase a type of product from the particular source the customer intends. As a result, if sufficient use of a trademark has been made, it may be protected in the courts without a registration. Registration does, however, provide significant benefits for protection of trademarks.

A federal registration on the Principal Register creates a presumption that the owner is entitled to exclusive use of that mark on the registered goods, and therefore solves many proof problems in litigation. A federal registration establishes the owner's rights in the trademark throughout the United States. Without a registration, common law trademark rights only arise in those geographic areas where sufficient use has been made of the trademark. A federal registration carries with it a right to sue in the federal courts, as well as the potential for recovery of profits, damages, costs, triple damages, and attorney's fees. A registered trademark can be filed with customs to stop infringing importations. After

registration for five years, it is possible for the registration on the Principal Register to become incontestable and severely limit the grounds for attacking the validity of the registration.

States provide for registration of trademarks, but these state registrations do not have many of the benefits of a federal registration. Although not as preferred as a federal registration, there may be instances in which a federal registration cannot be pursued but a state registration is available.

The incorporation of a company with a state and the registration of the company name with the state as part of that incorporation process is not the same as a trademark registration. The incorporation under a particular name in a state and the various other methods of registering an assumed name with a state are for various reasons such as tax or notice purposes and provide little, if any, protection for a trademark. These types of filings provide little benefit in establishing rights to stop others from use of a company's trademark or defend against claims by a competitor of trademark infringement. A common error of companies is the belief that once incorporated with the state under a given name; the company now owns that name and can both enforce it against competitors as well as be free of infringement claims. Although sufficient use of a company's trade name can establish substantial common law trade rights, incorporation with a state alone does not generate trademark rights.

ADOPTING AND PROCEDURE FOR REGISTERING A TRADEMARK.

A. SEARCHING AND CLEARANCE OF THE TRADEMARK.

A company is obligated to avoid creating a likelihood of confusion with the products and trademarks of others. While a company cannot knowingly adopt a confusingly similar trademark to another's trademark of which they are aware, there is no legal mandate that a company undertake a trademark clearance search before adopting a name or mark. Nonetheless, a trademark clearance search prior to adoption is a good idea. This is true regardless of whether a company intends to itself pursue a registration for its new mark. The trademark registration process takes nearly a year or even more. Even if a registration is not pursued, it may take months or even years for a competitor with a registration to learn of your company's use of a mark and, therefore, a long time before a dispute arises. In either case, significant marketing efforts and expenditures can be undertaken during this delay, all of which are potentially wasted if a company must stop using a mark.

B. OBTAINING A FEDERAL REGISTRATION.

Once a company has formulated a bona fide intent to use a trademark in interstate commerce, an application can be filed for that mark. Although an application can be filed based upon the actual use of a trademark, such use is not necessary for the initial application filing. At some point prior to the issuance of the federal registration, commercial use of the trademark must be commenced. Proof of that actual trademark use must be provided to the Trademark Office in the form of a written affidavit or declaration swearing to this use and a specimen that shows how the trademark is actually used on the product or with the service. The procedures and requirements involved in filing a trademark application are also discussed in further detail on the U.S. Trademark Office website: www.uspto.gov.

Once the application is filed, it is assigned to an Examining Attorney at the Patent and Trademark Office who is thereafter responsible for that application. It is not uncommon for it to take six months or more to receive a first substantive action from the Examining Attorney on the application. This takes the form of a written communication, called an "Office Action," that states any reasons for objection to the registration of your mark. It is common for the Examining Attorney to initially raise some form of

objection to the application. If there is an objection or some further action needed to be taken by the applicant, the applicant is allowed six months to submit a written response to the Office Action. Although it is possible to conduct either a personal or a telephone interview with the Examining Attorney, responses are typically written, and a written response would normally be required even if some type of interview takes place. The written response may take any number of approaches, such as explaining why the mark is believed to be properly registrable despite the initial objection, providing information or corrections requested by the Examining Attorney, or otherwise responding to the points raised in the Office Action.

Ultimately, an allowed application is published prior to issuance of a registration. This allows other companies to pursue an objection, referred to as an "Opposition," if the other company feels that this registration would damage the other company.

HOW TO USE A TRADEMARK AND NOTICE.

Trademarks are adjectives, not nouns or verbs. The trademark should, therefore, be followed by the generic or common descriptive name of the product. For example, it would be proper to refer to buying a "Bic pen" but improper to refer to buying a "Bic." It is possible that the use of a trademark as a noun or a verb would cause the mark to eventually lose its distinctiveness and, therefore, its protectability as a trademark. This is particularly true for trademarks applied to new products. The words "escalator," "aspirin," "cellophane," and "shredded wheat" were all trademarks at one time which have lost their distinctiveness. For similar reasons, a trademark should never be used in the possessive form and should not be used in the plural form.

If a trademark is not registered, it is permissible to place the designation TM or SM by the mark. This indicates that your company perceives itself as having trademark rights in that term, although the mark is not registered. When a mark is registered, and only when it is registered, the statutory notice ® should be used. There are other forms of statutory notice that include "Registered in U.S. Patent Office," or "Reg. U.S. Pat. Off." It is also helpful to print the trademark in lettering or format that stands out from surrounding lettering, whether by size, coloring, or font.

HOW LONG DOES A TRADEMARK LAST?

A trademark can last indefinitely as long as it continues in use and is not abandoned. A Federal Registration may be renewed every ten years if the mark remains in use. When a trademark is first federally registered, after five years an affidavit must be filed to establish that the mark is still in use, and if that use has been continuous, the registration can become "incontestable." At that point, the validity of the registration can only be attacked for limited bases, such as abandonment.

WHO OWNS A TRADEMARK?

Normally, a trademark is owned by the company that uses the mark. Simply coming up with the idea for a trademark does not create rights in that mark. In some instances, a trademark can be owned by one company or individual and another company is authorized, or licensed, to use the mark. In such a situation, the use by the licensed company inures to the owner. Since one of a trademark's functions is to permit the public to recognize and select a particular product from those of others, in a license situation the owner must have some degree of control over the quality of the products that bear the trademark.

VIOLATION OF TRADEMARK RIGHTS – CONFUSION AND DILUTION.

A. LIKELIHOOD OF CONFUSION.

The traditional test as to whether a later trademark infringes the rights in an earlier trademark is the question of whether a likelihood of confusion will result from the use of the later mark. That issue of a likelihood of confusion takes a number of factors into account. Important among those factors are the particular trademarks in question and the products or services on which the marks are used, but, depending on the circumstances, other factors come into play such as the marketing channels in which the products are distributed and the target customer base. The issue of infringement is not necessarily a simple one, and it is not limited to a comparison of identical marks on identical products or services.

B. DILUTION.

A more recently recognized form of trademark violation is that of dilution. If a trademark is classified as a "famous" mark, then it can be used to prevent others from using similar marks on noncompetitive products or services that "dilute" the trademark significance of the mark. This is a developing area of the trademark law. While in many cases, particularly when consumer goods are involved, everyone would generally agree whether a trademark is famous or not, this may not always be the case.

Both with a traditional trademark infringement action or one involving dilution, enforcement is by way of a civil action brought in either federal or state court. It is also possible to bring an action before the International Trade Commission to stop infringing imports.

UNFAIR COMPETITION.

A. COMMON LAW.

The common law provides protection against many forms of unfair methods of competing, such as false advertising, misrepresentations regarding a competitor's products, misuse of unregistered trademarks, misappropriation of the trade dress of products, misappropriation of trade secrets, being among a few. Quite often, unfair competition claims are included in litigation relating to other claims, such as traditional trademark infringement.

B. FEDERAL STATUTE: SECTION 43(A) OF THE LANHAM ACT.

The federal trademark law includes a section that deals with false advertising and what would be considered an unregistered trademark infringement. Many of the same rules regarding the establishing and protecting of trademarks are applicable to unregistered trademarks that are the subject of this type of action. With an unregistered trademark, the burden is on the company claiming trademark rights to prove that it does have an enforceable trademark

IV. COPYRIGHT

WHAT IS A COPYRIGHT?

A copyright is a collection of rights that protect a form of expression, referred to under the copyright law as a "Work of Authorship," that encompasses virtually any medium that can be seen or heard. Copyright protects against the copying or public performance of these works.

WHAT CAN BE A COPYRIGHTED WORK?

Copyright covers a wide expanse of works, including: (1) literary works, such as books and articles; (2) musical works, which can be either the music or words, or both; (3) dramatic works, such as theatrical productions; (4) pantomimes and choreographic works, such as dances; (5) pictorial, graphic, and sculptural works, such as drawings, photographs, and statues; (6) motion pictures and other audio-visual works; (7) sound recordings, which would cover the actual voices of the people and sounds coming from instruments on the recording and not just the underlying written music or words; and (8) architectural works, such as office buildings or homes. Although many people initially perceive copyright as being directed to the artistic community, a copyright protects an extensive amount of commercial business assets as well.

Copyright protects all of a company's publications and written materials. These include company and product brochures, manuals such as instruction and maintenance manuals, and virtually any form of advertising or promotional materials, such as television advertising, radio advertising, trade magazine and newspaper advertisements, Yellow Pages advertisements, billboards, and the like. Copyright also protects computer software. Building plans have always been protected by copyright, but more recently the physical buildings themselves, both commercial and residential, have become protectable as architectural works.

Even though a particular item may not itself be protectable under copyright, certain aspects of that item can be protected. For example, articles of clothing are not normally themselves protected under copyright, but the patterns or designs that appear on the fabric may be protected, and the paper patterns used to cut the material may also be protected. As another example, even though an overall useful article such as a lamp would not be protectable under copyright, if a part of the lamp could exist on its own as an artistic work, such as the base being a statue or a picture appearing on the shade, those elements of the lamp can be protected.

HOW NEW DOES A WORK HAVE TO BE FOR COPYRIGHT PROTECTION?

In order to be protected under copyright, a work must be "original" to the person who created it. This is a low threshold of creativity. If the work is copied in its entirety from some other work, then it would not be "original." If the underlying idea is obtained from somewhere else, but the way that idea is expressed is different, such as by writing different words to express the idea or shooting a picture from a different angle, then the resulting work would be "original." Derivative works and compilations of other works are also protectable. A derivative work is one that is based on an earlier work but which has new material added to it or is changed in format. Examples would be a product brochure that is updated and revised from an earlier brochure or a book that is made into a movie. A compilation is a collection that brings a number of separate works into one group, such as a company's product catalog that compiles all of its individual product brochures into a single volume.

PROTECTION AND REGISTRATION OF COPYRIGHTS.

Copyrights are protected solely under federal law. A copyright does not have to be immediately registered in order to preserve the rights in the copyright. Unlike a patent, there is no time limit to filing for a copyright registration. There are substantial benefits, however, to early registration of a copyright. Registration prior to an infringement makes certain types of damages and attorney fees potentially available. A copyright does have to be registered in order to sue for infringement of that copyright. A registered copyright can be filed with customs to stop infringing importations. Regardless of whether a copyright is registered, a copyright notice should be placed on all copies of the work, although this is not mandatory in order to preserve the rights.

PROCEDURE FOR REGISTERING A COPYRIGHT.

Registration of a copyright is straightforward and involves filling out a two-page form applicable to the work for which copyright is being applied. For commercial activities, the most commonly used forms are form "TX" (for "text"), which is used for works made up primarily of written text, and form "VA" (for "visual arts"), used for works that are made up primarily of pictures. Copies of the various forms, along with an explanation as to which forms should be used for specific types of works, can be found on the Copyright Office website, at www.copyright.gov/forms. Registration involves sending the completed form, one or two specimens (i.e., one or two copies of the work), and the registration fee (currently \$45) to the Copyright Office, which is run under the auspices of the Library of Congress. In certain cases, identifying material such as complete photos of the entire work, such as a sculptural piece, are submitted instead of copies. If there are problems with the application or more information is required, a written request is sent by the Copyright Examiner. Any response is normally written, and the registration process is more user-friendly and less formalistic than the procedures associated with other forms of intellectual property protection. There are also procedures for obtaining an expedited registration, but these require a substantially larger fee and more information.

HOW TO USE A COPYRIGHT AND NOTICE.

A copyright does not require any particular format for use. It is recommended, although not mandatory, that a copyright notice be included on all copies of the work. The copyright notice should be placed in a noticeable location, and a quick review of similar types of works would show conventional locations for placing the notice. Examples of conventional locations for copyright notice are: the title page or backside of the title page of a book, inside the cover page of a multi-page catalog, towards the bottom of the front or back of a single-page brochure, or situated somewhere on the page of a document that contains the contact information for your company. The copyright notice usually appears on one of the first, if not the first, display screens when a computer program is started, and the notice is conventionally placed within the title block of drawings.

Copyright notice consists of either the symbol © or the word "Copyright," followed by the name of the copyright owner and the year in which the underlying work was published. The year date is not the year that the particular copy was printed, but rather "the year of first publication of the work," i.e. when a tangible copy is distributed to the public. The year date does not have to appear on select items, including greeting cards, postcards, stationery, jewelry, dolls, toys, or useful articles. Even though a copyright notice does not appear on a competitor's products, this does not mean that the work is free from copyright protection.

HOW LONG DOES A COPYRIGHT LAST?

The Copyright Act includes a number of rules governing the duration of a copyright term. A significant change to the Copyright Act occurred in 1998 with the enactment of the Sonny Bono Copyright Term Extension Act, which extended the copyright in all subsisting works for 20 years. Thus, in general terms, under the present Act, if a copyrighted work is created by an individual author or group of co-authors, the copyright extends for the life of the last surviving author plus 70 years. With respect to a work that obtained statutory copyright before January 1, 1978, if the copyright has been renewed, the total duration of statutory copyright is now 95 years from first publication or earlier registration. However, if the copyrighted work is a "work made for hire," the copyright extends for 95 years from the year of first publication or 120 years from the year of creation, whichever expires first. The difference between an individual author and a work made for hire is discussed under the next section.

WHO OWNS A COPYRIGHT?

At the initial creation of any copyrighted work, the copyright is owned by the author. The person or group of persons collaborating together that created the work are considered the authors. Ownership and authorship of the copyright do not have to remain the same. The only way that ownership of the copyright can be transferred, however, is by a written document that is signed by the author. Although there may be company responsibilities or unwritten agreements that would require the author to later transfer the copyright ownership to the company, the actual legal ownership can only be transferred by such a written document. Any document attempting to transfer the ownership of a copyright should preferably use the word "copyright" in the document in order to be clear that this particular right is being transferred.

To protect authors who may be in an unequal bargaining position before the actual value of their work has been determined, authors are provided termination rights, which may allow an author to terminate a prior transfer of copyright. Under the current Copyright Act, grants or transfers executed after January 1, 1978 generally may be terminated "at any time during a period of five years beginning at the end of 35 years from the date of execution of the grant." Grants or transfers executed prior to January 1, 1978 may be terminated "at any time during a period of five years beginning at the end of 56 years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later." However, it should be noted that the law requires notice of intent to terminate be provided to the grantee or his successor in title at least two years prior to the established termination date.

A "work made for hire" is a special form of copyright in which a corporation or employer is considered the actual author and not simply the owner of the copyright. A "work made for hire" can arise only under certain circumstances. A "work made for hire" consists either of (1) a work prepared by an employee within the scope of his or her employment, or (2) certain works specially ordered or commissioned, such as a work created by an independent contractor. The second category is limited to motion pictures or other audio-visual works, translations, collective works, compilations, instructional texts, a test or answer material for a test, an atlas, or a supplementary work.

It will be readily recognized that having some type of written agreement in place before creation of any copyrighted work, particularly when dealing with non-employees, is highly recommended and avoids significant disputes later. With employees, it is beneficial to have an employee agreement that expressly includes the provision that the company would own any copyrights created within the scope of the employee's employment, and that the employee agrees to assign any rights if necessary.

VIOLATION OF COPYRIGHT - COPYING.

The violation or infringement of copyright is fundamentally based on "copying." If some other person or company independently created the identical work without any reference to a pre-existing copyrighted work, there would be no infringement. Infringement is not strictly limited, however, to the making of copies.

A copyright can be infringed by any one of a number of acts. These include: (1) making copies of the work; (2) preparing derivative works that are based on the copyrighted work; (3) distributing copies of the copyrighted work to the public by sale, rental, lease, or lending; (4) performing the copyrighted work publicly; (5) displaying the copyrighted work publicly. There are a significant number of rules governing the digital and electronic transmission of copyrighted works. For certain types of works, there are also rights of the author in maintaining the integrity of his or her work.

A number of activities would infringe a copyright only if undertaken "publicly." For example, lending a videotape to a friend would not be considered a public activity, while running a video rental store would be. It should be noted though that the most basic form of protection, the protection against the making of copies, does not include this "public" limitation.

Enforcement is by way of a civil action brought in the federal courts. It is also possible to bring an action before the International Trade Commission to stop infringing imports. Although there can be criminal actions for copyright infringement, these are relatively rare and normally involve a form of counterfeiting.

V. TRADE SECRETS

WHAT IS A TRADE SECRET?

A trade secret is secret information used in a company's business that gives the company an opportunity to obtain an advantage over competitors who do not use the information. Protection of trade secrets is a result of the law's recognition that competitors should not be permitted to use fundamentally improper methods to obtain confidential information of a business

WHAT CAN BE A TRADE SECRET?

A trade secret can be any information of value to a company that is maintained in confidence, and can include any formula, process, pattern, device, or compilation of information used in a business. Trade secret information may encompass confidential financial information, technical information, business plans and information, marketing strategies, and research

IDENTIFYING AND PROTECTING OF TRADE SECRETS.

Trade secrets are protected under the common law and, in some states, by state statute. Obtaining protection in the courts for misappropriation of trade secrets requires a company to itself undertake steps to protect the secrecy status of that information. Company sign-in rules, restricted building areas and signs, visitor name badges, visitor sign-in sheets, and confidentiality agreements are some of the efforts a company can undertake to establish secrecy status for its valuable information.

HOW LONG DOES A TRADE SECRET LAST?

A trade secret can potentially last indefinitely provided its secrecy is maintained.

VIOLATION OF TRADE SECRET RIGHTS - UNFAIR OBTAINING.

A violation of trade secrets occurs when another obtains or exploits the secret information using unfair methods. Breaking into a competitor's plant or bribing employees would be obvious violations. Likewise, breaching a confidentiality agreement or inducing a former employee to breach a confidentiality agreement could be violations. Reverse engineering a product that was purchased commercially is not a trade secret violation.

Trade secret violations are enforced by way of a civil action in the state courts. Claims of trade secret violation may also be made in federal courts when coupled with other claims.