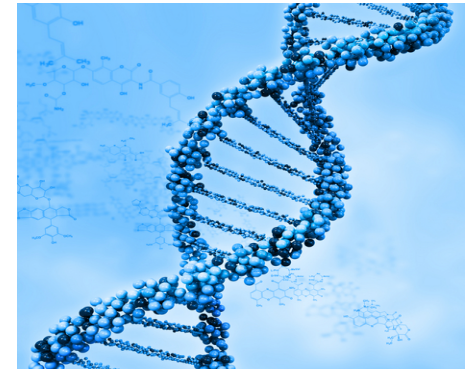


Intellectual Property Law Basics For Business Professionals

An overview of Patent, Trademark, Copyright and Trade Secret law
with an emphasis on the Best Practices for
Obtaining and Maintaining Strong Patent Protection.



Brief Overview of the Differences Between Patents, Trademarks, Copyrights, and Trade Secrets

Patents

- **Utility Patent** - Allows the owner a period of time to exclusively manufacture, use and sell any new, useful and non-obvious machine, article of manufacture, composition of matter, process, or improvement thereon.
- **Design Patent** - Provides for a period of exclusive protection for the appearance of an object.
- **Plant Patent** - Provides protection for certain types of asexually reproduced new varieties of plants.

Overview, cont'd.

Trademarks

- A trademark provides for exclusive rights for perpetually renewable periods in a word, design or other symbol used to identify a company, product or service. A trademark can also consist of such things as the color or shape of the product, a sound, and in fact, most any aspect of the product or service that operates to identify it as to a particular source.

Overview, cont'd.

Copyrights

- Copyright law provides protection for original works of art and a authorship, from unauthorized copying, generally for a period of time equalling the lifetime of the author plus a period of years. Examples of protected works include; novels, movies, stage plays, sound recordings, sheet music, paintings, sculptures, computer software, advertising copy, product service manuals, photographs, etc.

Overview, cont'd.

Trade Secrets

- A trade secret can be defined as proprietary information, generally concerning a process or compound, the manufacturing steps or components of which must remain unavailable and unknown to others so that exclusive manufacture of the particular product or use of the particular process can be maintained indefinitely.

Initiating Patent Coverage

The Advantages of Patent Protection, include:

- The ability to sell the patented technology on an exclusive basis.
- To add value and increase margins.
- To prevent or minimize the effect of litigation.
- To keep your competition off balance.
- To increase the value of a company.
- To increase the profile of the company in its marketplace.

Should Protection for a Particular Invention be Initiated?

First step - Prepare an Invention Disclosure Form

- This document explains the basics of the invention and how it improves upon what has gone before and identifies; the inventor(s), when the invention was conceived, what project, if any, it is tied to, and what stage it is in development. The disclosure form provides the basis for making the cost/benefit determination relative to filing or not filing a patent application.

Invention Disclosure Form Data

- Inventor(s) names, home address with zip code.
- Citizenship
- Identify inventor'(s) employer(s).
- Description of Invention (structure, function, operation, unique features, advantages, etc. Attach drawings as needed.
- Identify and describe prior art.
- List authors of the invention description.
- Provide date of invention conception, first drawing, first prototype.
- Indicate project, if any, invention is related to.
- Identify any planned field test date.
- Will disclosure of invention to non- employees be required prior to field test date? If so, are adequate non-disclosure agreements in place? Attach copies.

Factors to Consider on Whether or Not to File, Include:

- How much of an advancement, if any, does the invention represent over the prior art? A major advancement equates with major profit potential.
- Can the invention be easily designed around? If not, you will potentially have a very strong patent monopoly.
- Does it support a major project? Even if it is not ultimately patentable, the patent pending status will keep your competition off balance because they will be unsure if patent rights will be forthcoming.
- Is it simple? Sometime the strongest inventions are the ones that have the most elegantly simple solution.
- What are the projected revenues and/or the potential market in proportion to the cost of patent protection?

Who is the Inventor?

- Inventors can be thought of as those who have made a significant **creative contribution** to the inventive subject matter of the application. Thus, someone who worked at the full direction of an inventor, such as a lab assistant, but did not themselves come up with anything that added to the inventive subject matter, would not be properly listed as an inventor.
- The named inventors have to be the original and sole inventors of the claimed invention. It is a mistake to list a department head or other senior supervisor as an “inventor” on that basis alone. Inventorship is a legal determination and listing someone falsely could lead to the invalidating of any issuing patent or patents.
- However, do not be afraid to list everyone that you believe to be an actual inventor. Inventorship can be easily corrected if it is later found that an inventor has to be deleted and/or added as long as that mistake was made in good faith.

Statutory Basis in the US for Patents and Copyrights

Authorized directly in the US constitution, Article I, section 8:

“Congress shall have power . . . To promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

The exclusive patent right:

- Provides a financial incentive for inventors to invent.
- Creates a more rational and potentially rewarding market for the investment of capital – improved risk/rewards ratio.

Obtaining Patent Protection

Patent protection is obtained by filing a patent application with, and prosecuting it through, the patent office of the particular country in which such protection is being sought.

US Utility Patent Application Process

- A patent application is first prepared for filing with the United States Patent and Trademark Office (USPTO) in Washington, D.C. In the US there exist two primary routes for obtaining a utility patent.
 - **Non-Provisional Application**
 - **Provisional Patent Application**

Provisional Patent Application

A provisional filing is designed to provide a lower cost and quicker way to get a patent application **filed** for the purpose of establishing a filing date/priority date. (More about the importance of priority dates later.)

- Informal requirements as to content requirements.
- Lower filing fee.
- Case not examined – kept “alive” for one year but does not issue as a patent.
- Must file non-provisional case based on the provisional filing within that one-year period to obtain benefit of provisional filing date.
- Provisional case is valuable if you want the “extra” year of time to work on the invention filing and prosecuting a non-provisional application.
- Can also be useful where a truly exigent circumstance exists that requires the immediate establishing of a filing date.

Non-Provisional “Regular” Patent Application

- Includes: a title and abstract, a discussion of the background to the invention; a full written description of the invention in summary and in detailed form; patent claims.
- A non-provisional application is examined and can become an issued patent.
- The patent application is a document prepared by patent counsel and filed with the USPTO. The claims are particularly worded consecutively numbered single sentence paragraphs that define the scope of the invention. Claims are analogous to the metes and bounds description of the borders of a piece of real estate.

Prosecution

Filing

- After a non-provisional application is filed, it is assigned to an examiner whose duty it is to determine whether or not the described invention meets the requirements of patentability. And most importantly, do the claims accurately describe the scope of the invention.

Office Actions

- The examiner corresponds with the filing patent counsel through a series of letters referred to as “office actions”. Most patent applications are not allowed as patents by the examiner in his or her first office action. In fact, most or all of the claims are typically rejected on the basis of lacking novelty and/or as being obvious.

Basic Requirements of Patentability

Novelty

- Is the invention substantially identical with any one prior invention? The question of novelty stands for the basic proposition that you can not get protection for technology already known or invented. “You can’t re-invent the wheel.”

Obviousness

- Would the invention have been obvious to a person of ordinary skill in the particular art having knowledge of the relevant prior art? If so, it is not patentable. Basically, the obviousness requirement embodies the concept that patent rights should not be awarded for inventions that do not represent a substantial improvement or addition to what was known.

What is Prior Art?

- The US has recently adopted the First to File (FTF) standard, used in most countries of the world, which means that prior art is essentially any technology that is known or used anywhere in the world prior to the Applicant's filing date.
- Thus, the filing date is quite important as it defines the cut-off date for determining what art can be used to potentially prevent a patent from issuing, or invalidate an issued patent.
- For two separate inventors or groups of joint inventors that independently come up with the same invention FTF also means that the right to proceed with the application or to retain the rights to a patent is given to the inventor(s) **that file first!**
- **Thus FTF creates a clear definition of what is and is not prior art and determines patent rights based on who files first.**

Current Statutory Language Defining Prior Art

- Under US patent law, 37 C.F.R. Sec. 102 has been amended to provide for FTF and now states that “an inventor is entitled to a patent unless, the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention.”
- The effect of this language is to deny the opportunity for a patent if the invention described therein has been previously disclosed to the public prior to the filing of the patent application.

The Exception to the Rule – (Kind Of)

- In the US an inventor can make a public disclosure and not lose the opportunity to file for patent protection so long as he or she files a provisional or non-provisional case within one year of that public activity.
- **BEWARE**, this one year “grace period” only applies in the US and is not permitted by most other foreign countries. The majority of foreign states adhere to the concept of “absolute novelty” where any pre-filing disclosure by the applicant can be used as prior art against that applicant.
- The upshot is, if you are thinking about getting foreign patent protection, more about this later, do not take advantage of this grace period – file your application before any public disclosure.

Priority Date

- The priority date is simply your earliest filing date. Thus, if you filed a US provisional on January 1, 2010 followed by a non-provisional filed on January 1, 2011 your priority date would be January 1, 2010.
- If however you filed the provisional on the same date but filed your non-provisional on February 15th 2010, that is, more than one year after the provisional, you would lose the required continuity of filing within the allowed one year period and the earliest date you could claim would be February 15th, 2011.
- By reciprocal treaties, foreign countries will permit you to file for patent protection and claim a priority date as of your earliest US filing – provided the filing in the US was absolutely novel.

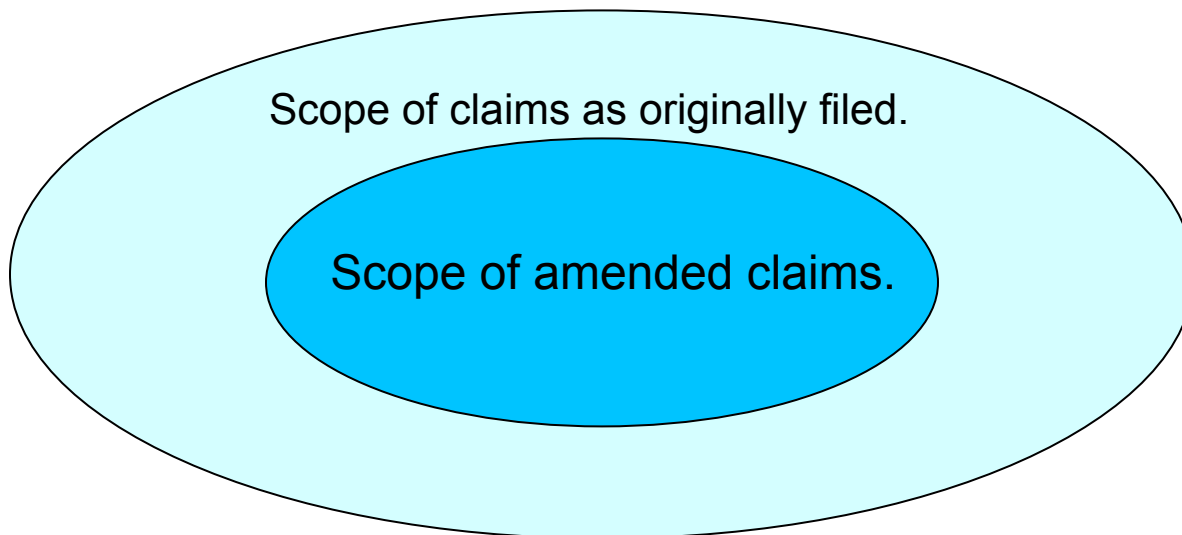
Response to Office Action

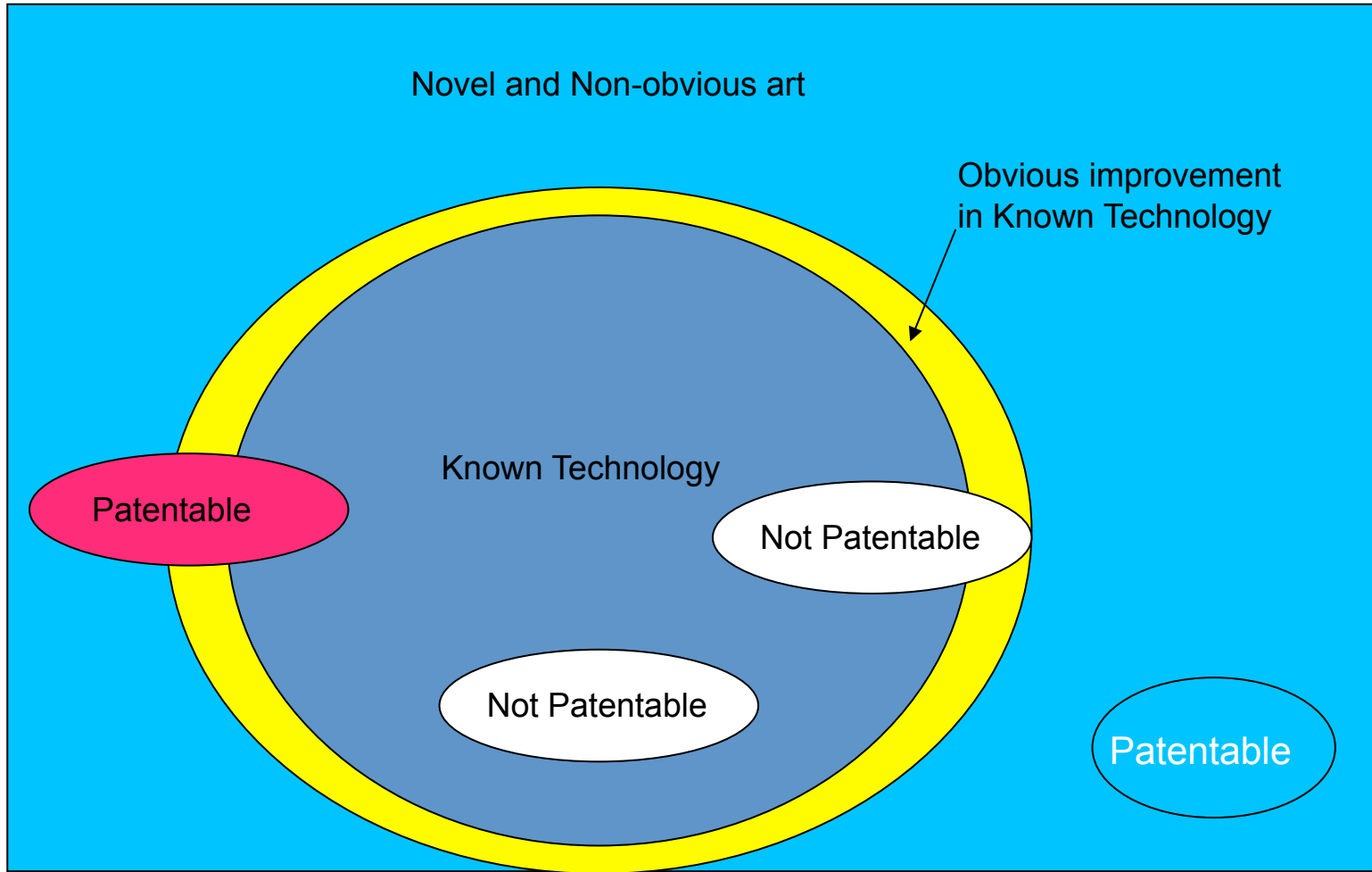
Amendment

- The attorney's job is to consider the prior art cited by the examiner and the grounds upon which he or she rejected the patentability of the invention. The major grounds of rejection are those based on the invention lacking novelty or being obvious in view of the cited art.
- The attorney then crafts an amendment response letter that presents arguments as to why the examiner's positions are incorrect and why the invention is in fact novel and nonobvious and, consequently, that a patent should be allowed to issue on the invention.

Amending Scope of Claims

- In rejecting the claims, the examiner is essentially saying that they are written too broadly and cover more “territory” than the inventor has a right to.
- In an amendment then, the applicant’s attorney will often re-write or amend the claims with different language narrowing their scope in order to overcome the examiner’s rejections and get the case allowed so that it will issue as a patent.





Allowance and Issue or Continuation?

- Typically, an application will involve two office actions, and an inventor can expect the patenting process to take from 1&1/2 to 3 years.
- If the examiner is not persuaded after the response to the first office action they will then issue a second final action.
- Once the examiner is convinced, after the amendment and response to the first or final action that his or her rejections have been overcome, the case is allowed and will issue upon payment of an issue fee.
- The patent then confers an exclusive right to make, use and sell products embodying the invention as claimed for a period of 20 years calculated from the filing date of the patent.

Allowance and Issue or Continuation?, cont'd.

- However, If the examiner is not convinced of patentability by the response to the final action and is again rejected, then the applicant must file a continuation case or appeal the examiner's decision to the Patent Trial and Appeal Board.

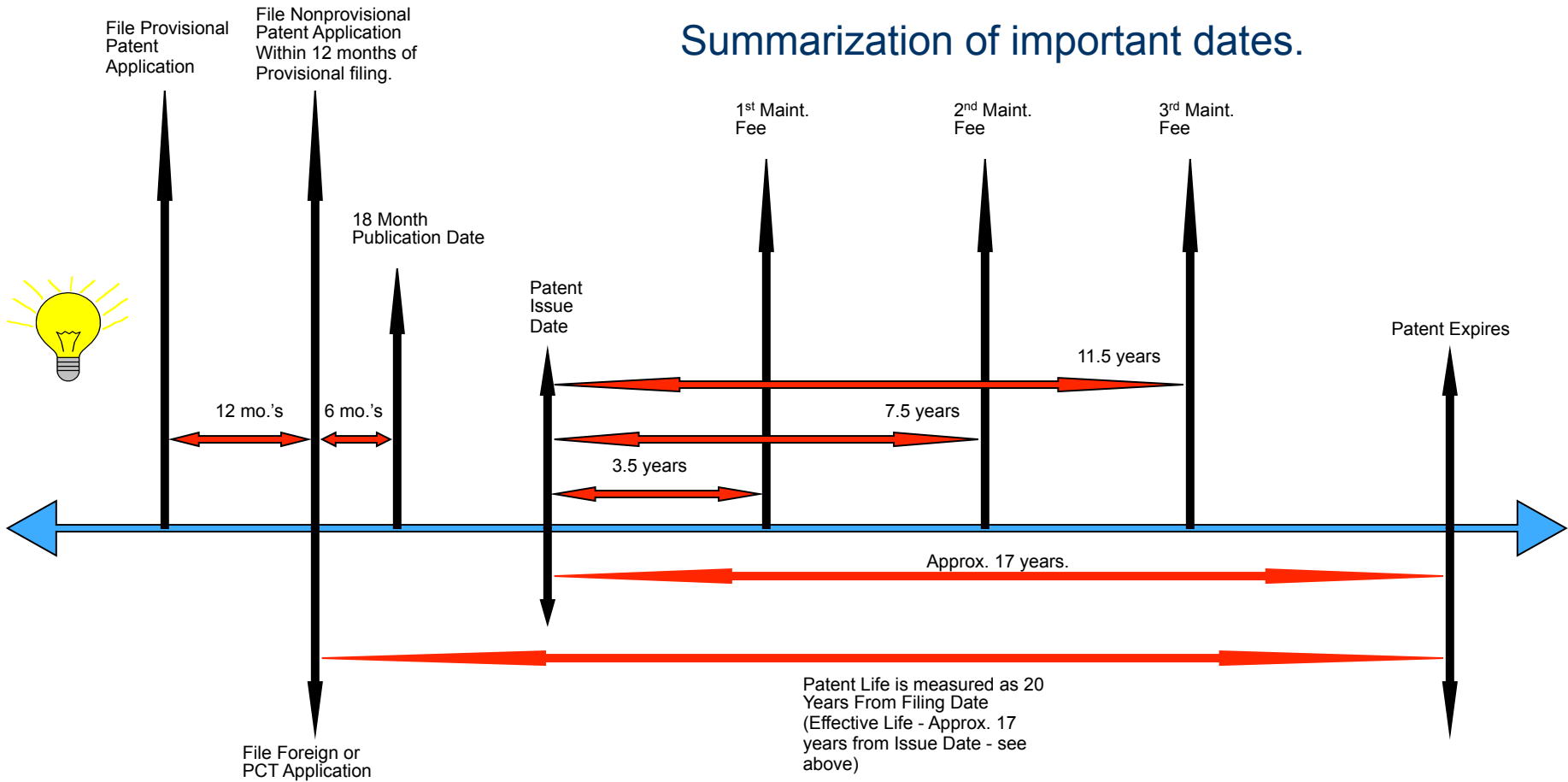
Post Issuance Fees

- During the life of the patent **maintenance fees** are required to be paid at intervals of 3 & ½ , 7 & ½ and 11 & ½ years after the patent issue date in order to keep the patent in force.
- If the applicable fee is not paid in a timely manner the patent coverage will lapse.
- Petitions to revive the patent following a lapse are permitted with the payment of an additional fee and provided certain time limits are observed.
- However, this lapse can permit others to make and use the invention during the lapse period and continue to do so even if the patent is subsequently revived.
- If not timely revived, the patent irrevocably expires.

Post Issuance Fees, cont'd.

- Each year it is important to review the patents needing maintenance fees to determine if they should be continued. The payment of maintenance fees is a business decision based on many factors, such as:
 - Does the patent support products currently being sold?
 - If not currently in use, will it be supportive of a future product?
 - Is it needed in on-going litigation?
- A patent application can also be dropped during prosecution if it is determined that it no longer covers technology of value.
- Any decision to drop patents or patent applications requires close communication between patent counsel and management.

Summarization of important dates.



Attachment G

Basic Patent Time Line

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Various Other Requirements of US Patent Practice

- Duty of Prior Art Disclosure.
- Duty of Enabling Patent Disclosure.
- Maintaining Confidentiality.
- Patent Ownership.
- Post Filing Improvements.

Duty of Prior Art Disclosure

- The USPTO requires full disclosure of relevant prior art to the Examiner.
- Prior art can generally be thought of as all publicly known technology in existence prior to the creation of the invention.
- A prior art search is routinely conducted to determine patentability.
- If the invention is patentable the search results are sent to the examiner with the patent application along with any other art of which the applicant, or his/her attorney, may be aware.

Duty of Prior Art Disclosure

FAILURE TO DISCLOSE KNOWN AND RELEVANT PRIOR ART CAN RESULT IN FORFEITURE OF ANY PATENT ISSUING FROM THE APPLICATION, AND APPLICANTS ARE UNDER A CONTINUING DUTY TO DISCLOSE OTHER RELEVANT ART THAT MAY COME TO THEIR ATTENTION DURING THE PROSECUTION OF THE PATENT APPLICATION.

Enabling Patent Disclosure (Show the whole picture!)

An applicant is also required to provide a disclosure sufficient to allow a person of skill in the art to make and use the invention.

- This requirement insures that the public is able to make and use the invention after the underlying patent expires.
- To provide for that use by the public, the patent must therefore fully teach the public how to practice the invention.
- The enablement requirement exists to prevent an inventor from leaving out a critical piece of information or structure so that once the patent expires the patent owner will nonetheless continue to have an exclusive edge on their competition.

Provide the whole picture, besides its always better to have a robust disclosure rather than risk leaving out information that could be necessary for obtaining strong claim coverage.

Maintaining Confidentiality

Disclosure to others may be required, as for example when:

- Meeting with potential partners to explore the potential for a joint development project.
- Working with a customer on a “customer driven” project.
- Working with a supplier on a particular problem that inherently requires disclosure to them of patentable subject matter.
- Placing a prototype with an outside company for testing at their facility.

Where a disclosure that might otherwise be outside the one year grace period or would violate foreign absolute novelty requirements, it is important to have a nondisclosure agreement in place.

Maintaining Confidentiality, cont.

- Nondisclosure agreements are permitted by US and foreign law as a means to allow a disclosure without such disclosure blocking access to patent protection.
- Such agreements require that the party receiving the confidential information agrees to maintain the disclosed information in confidence for a defined period of time – that period of time not to expire prior to filing of any patent applications embodying that disclosed information.

Ownership

In the US, patent application filings must include the name(s) of the inventor(s) of the inventive subject matter described and claimed.

- Unless assigned, a patent is presumptively owned by the inventor(s) as listed.
- As a condition of employment, an employee's work related inventions are assigned to their employer. In this case the assignee has the presumptive right to prosecute the application.
- A patent application filed in the name of someone who learned of the invention from others but who is not an inventor, can not give rise to a valid patent.

Improvements after Filing

- Since it is common for the invention to continue to evolve and improve after the filing date of the underlying application, it is important to periodically review the current state of the invention with your patent attorney to see if any such improvements themselves rise to the level of patentability.
 - If so, a further application can be filed. However, that new application will have a new priority date being the date on which it was filed.
 - If an application is filed and the examiner feels it contains two or more separately patentable inventions, he or she can enter a restriction requirement which requests the applicant to select which set of claims to move ahead with. If the other separate inventions are worth pursuing that can be done by the applicant filing a “divisional” application for each such separate invention. The divisional applications retains the priority date of its parent as long as it is filed before the “parent” application issues.

Foreign Patents

- Prior to the end of the above mentioned one year priority period based on the filing date in the US, patent protection in foreign countries can be initiated by an individual filing in each country in which protection is desired. This process can be very costly and can come at a time when it is still not known whether or not the technology is of any commercial value domestically, much less, in a foreign country.
- **The Patent Cooperation Treaty (PCT).** The PCT establishes a procedure for delaying the time when countries have to be selected on an individual basis - referred to as entering the national stage.

The Patent Cooperation Treaty

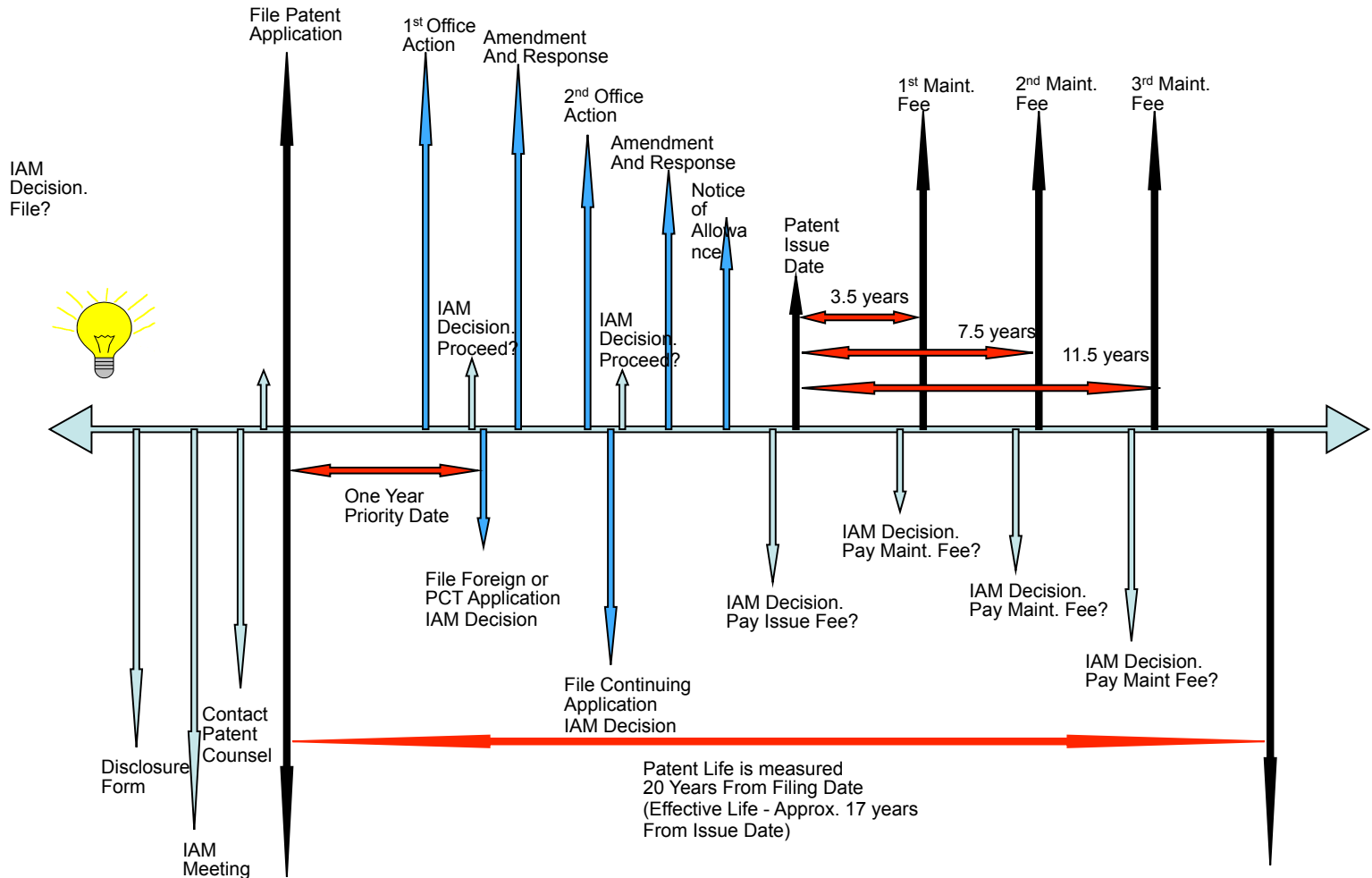
- **It is important to understand that a PCT filing never matures into a patent**, it is simply an agreed upon vehicle for accomplishing a preliminary search and patentability opinion as well as a means for extending the time before individual country filings must be made. Thus, a PCT filing provides for extra decision time and some overall prosecution and cost efficiencies.
- **Time Extension.** A PCT filing provides for up to an additional eighteen months from the end of the one year priority period before individual country selections must be made. Thus, a PCT filing can provide you with a potential 30 months from your original filing date in the U.S. before having to enter the national stage and make individual national selections.
- **An Important Caveat** - not all countries are signatories to the PCT, but most industrialized nations are members. (Check with your patent attorney.)

Is Foreign Protection Necessary?

Factors to consider when determining whether or not foreign patent protection should be sought or continued, include:

- The amount of revenue from sales in the country in question that is or may be related to the inventive subject matter.
- Does your company have foreign manufacturing plants or foreign licensed manufacturers, distributors and/or sales representatives that you want to protect.
- Are there competitors with manufacturing ability in the country in question. Clearly, they would be in a position to potentially infringe.
- If there are no current competitive manufacturing facilities, what is the likelihood of such occurring in the future, and what might that impact be.

Attachment H, Detailed Patent Timeline



Patent Infringement

Cost

All litigation is expensive, and patent infringement litigation particularly so. An action that proceeds through trial can easily exceed one million dollars in legal fees and related costs. The problem is that these cases require:

- Extensive document discovery, depositions, and many attorney meetings with and motions before the presiding judge.
- Huge uncompensated time commitment from all parties to the suit.
- High stakes - potential damages running both ways.

Basic Infringement/Claim Elements

As discussed previously, the prosecution of the application revolves around the “scope of the claims”.

- A "trespass" into this defined territory will represent an infringement of the patent. Generally speaking, a claim can be avoided or designed around by making a device that does not include, i.e. eliminates or does without, at least one of the claimed elements.
- However, please note that infringement will not be avoided by adding new elements to a device if that new device includes all the claimed elements as recited in a competitor's patent claim.

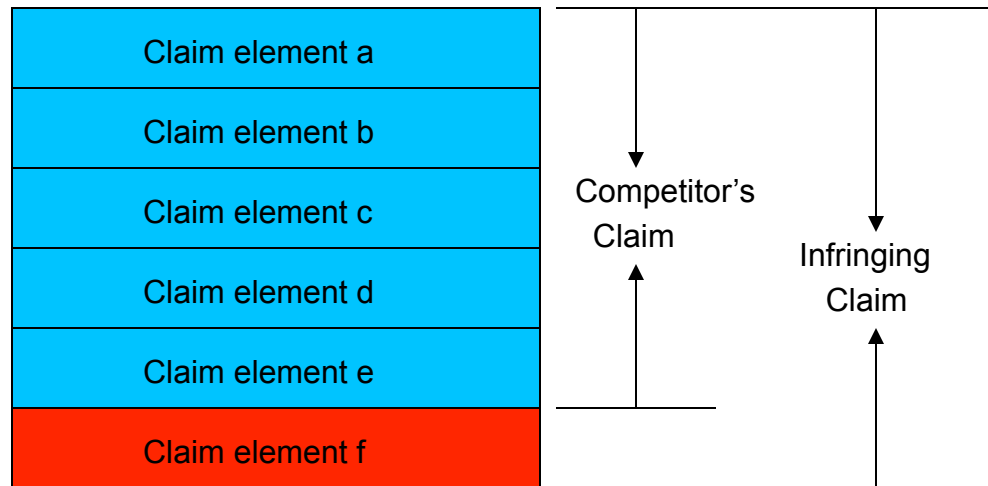
Claim Example

A device for catching a mouse, comprising:

- a support platform,
- a contacting arm pivotally secured to the support platform,
- a tensioning device operably connected to the contacting arm so that the contacting arm can be positioned in a high potential energy position,
- a retaining mechanism for holding the contacting arm in the high potential energy position,
- a release mechanism for interacting with the retaining mechanism for releasing the contacting arm from the high potential energy position as the result of a contact between a mouse and the release mechanism so that the contacting arm moves and contacts the mouse.
- a device for audibly signalling release of the contacting arm.

Attachment I

Claim element infringement diagram

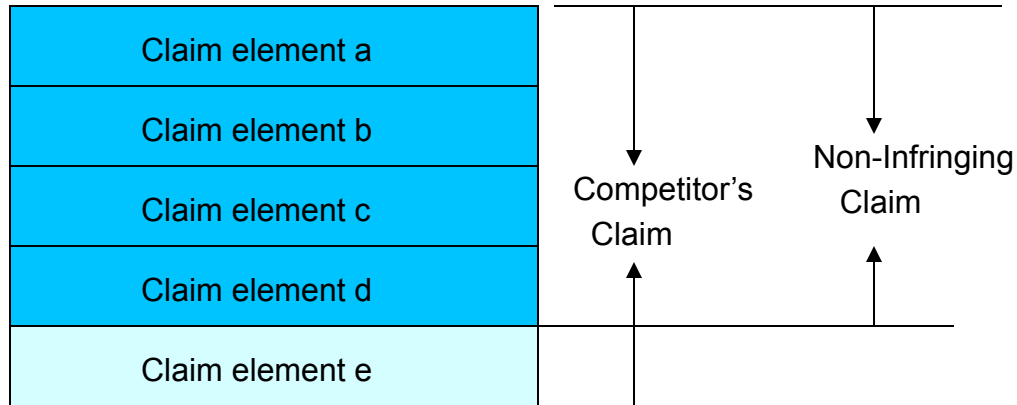


Utilization in a product or method of all the elements of a competitor's patent claim results in an infringement. Elimination of one of the elements will generally avoid infringement, i.e. in the example above, elimination of one or more of elements a-e. However, the addition of a new element will not avoid infringement if all of the competitor's patent claim elements are used along with that new element. Conversely, the competitor can not practice the invention using your improvement as embodied in element (f) above unless licensed by you to do so.

Attachment I

Claim element infringement diagram

Claim element f



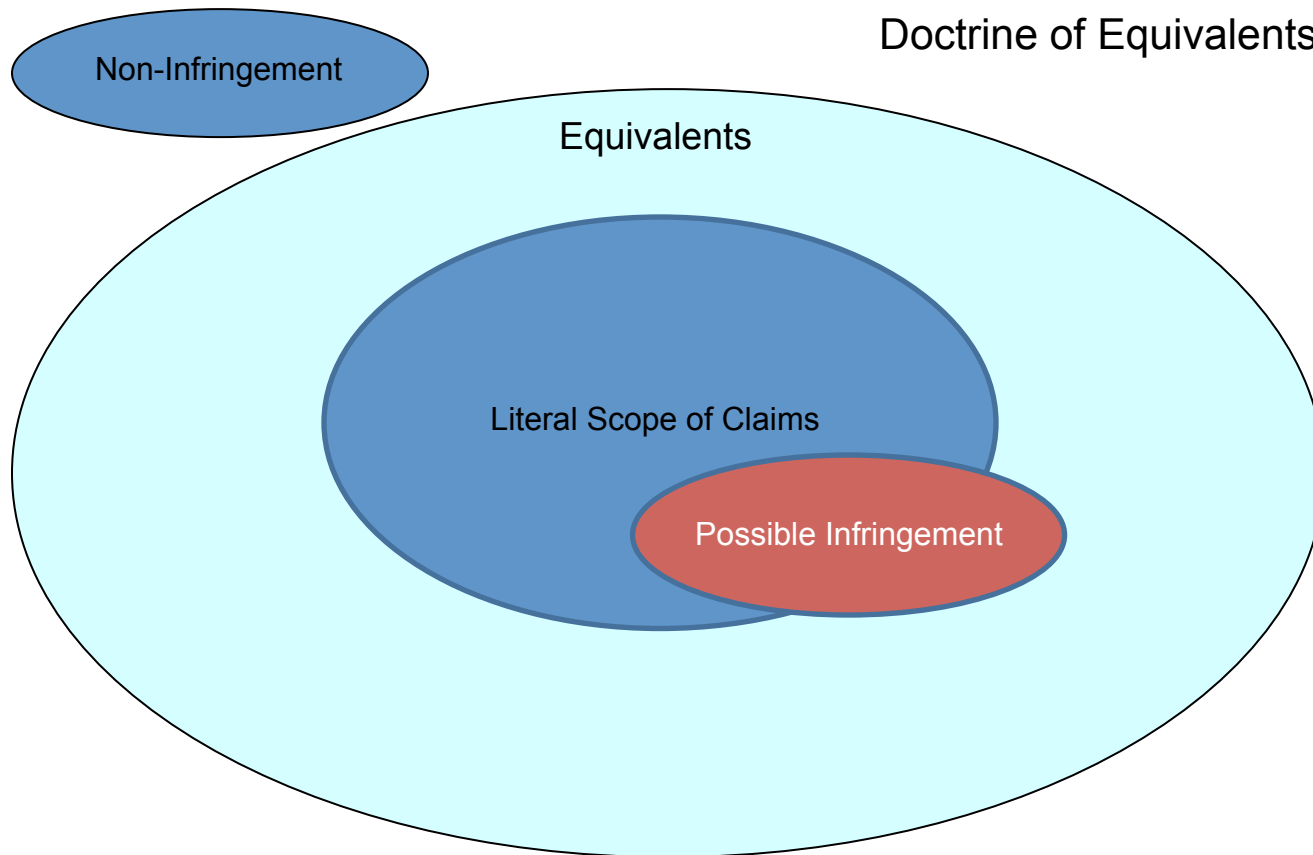
Elimination of one of the elements will generally avoid infringement, i.e. in the example above, elimination of one or more of elements a-e.

Doctrine of Equivalents

- Under this doctrine, if a part of another device is insubstantially different or performs substantially the same function, in substantially the same way with substantially the same result, infringement may also exist.
- Thus, infringement may occur even if the competitive device does not use all the elements as literally claimed, but uses an element or elements that are equivalent with those as claimed.

Attachment J

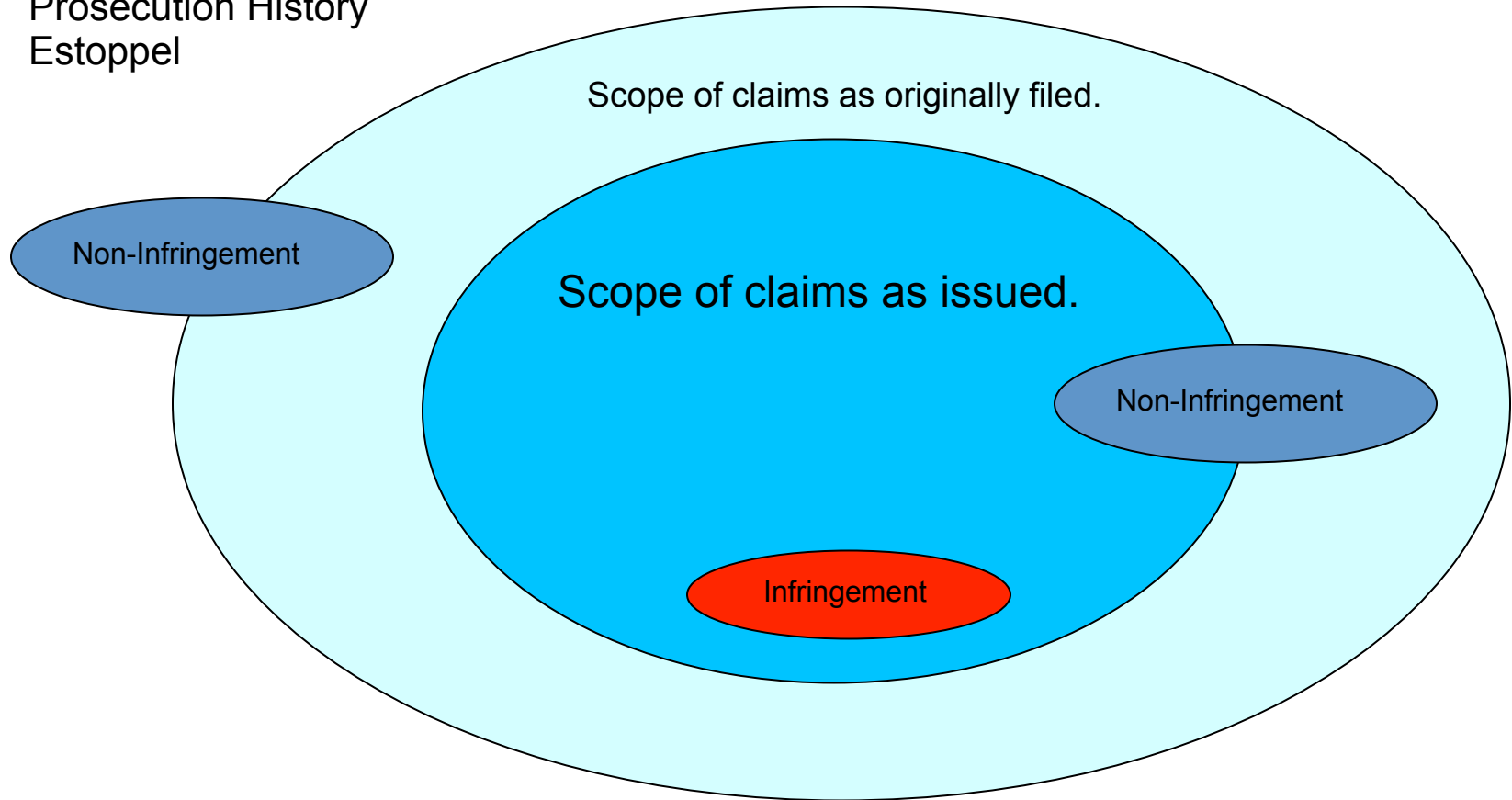
Doctrine of Equivalents



Prosecution History Estoppel

- If your claims are amended and narrowed during prosecution, which is almost always the case, a competitor will avoid infringement if their invention is described by your claims as originally filed but not by the claims as ultimately issued.
- In other words, you cannot “re-capture” territory that you voluntarily gave up during prosecution in order to get your patent claims allowed.

Attachment K
Prosecution History
Estoppel



To give yourself a better chance in court :

- Include a more robust disclosure of alternate structures, uses and embodiments of your invention in your patent application.
- Try to think ahead of your competition and describe and cover ways in your application by which they may attempt to design around your invention.
- Include claims to all the different embodiments.
- Draft claims that use generic term elements, however be sure to disclose and define different elements that generic term applies to.

Patent Marking

- It is important to put others on notice of your patent rights. Once the application is filed the term “**Patent Pending**” can be affixed to the product, as the application is “pending” before the patent office upon filing. There is no need to mark a “method” patent where there is no physical device, yet notifying others in accompanying literature or on a website is a good idea. The patent pending phrase however is not properly used prior to filing of the provisional or non-provisional patent application nor should it be used if the patent process has run its course and the application has been either allowed or abandoned.
- If you have an issued patents you should then mark your invention with the number or numbers of the patent or patents that protect your invention. For example, “ Protected under US Patents No.’s 7xxxxxx, 6xxxxxx, 8,xxxxxx.” Again, if the patent covers a method notify others in the accompanying literature or on your website. In fact, under current law you do not have to mark your product with the applicable patent numbers, rather you can “virtually” mark it by simply stating the it is “patent protected” or “patented” and listing a website where the patent number information is provided. Virtual marking saves time and money by not requiring new labelling each time a new patent issues. If a patent expires it is no longer necessary to change the old labelling that is still being applied to currently manufactured products, but it is a good idea to change the website as that is relatively easy to do – a further advantage of virtual marking.

Infringement Damages

Actual Damages

- A party found to infringe must generally be required to put the patent holder into the position financially that they would have been - but for the infringement. Typically, they are awarded lost profits, or at the very least, a reasonable royalty rate.
- The successful patent holder is also generally awarded interest on the money they would have earned so as not to provide the infringer with what would amount to an interest free loan.

Infringement Damages, cont'd.

Enhanced Damages

- If the evidence indicates that the defendant continued to make and sell the infringing product after they had notice of a the plaintiff's patent rights, the court may also find the defendant to have committed "**Wilful Infringement**".
 - The court has the discretion of enlarging the damage award by a multiplier of up to three times actual damage amount.
 - The court can also request that the infringer pay the patent owner's attorney's fees.
 - The chance of being found to have wilfully infringed can be reduced by obtaining an opinion of non-infringement by outside counsel at the time of being put on notice of the plaintiff's patent rights.
 - However failure to obtain such an opinion can not be taken into account by the court when determining a charge of wilfulness.

Licensing and Co-Development

- IP is critically important to the future success of any business. Therefore, how those IP assets are managed and exploited to extract the maximum benefit from them has resulted in the development of **Intellectual Asset Management (IAM)** systems.
- These systems are designed specifically to insure that a company's IP is obtained and used to maximize its impact on the bottom line. What follows is a brief overview of various IAM system responsibilities...

In-Licensing

- If the patented technology of others is of value, then one can attempt to either design around the technology or to possibly get a license for the technology.
- Licensing the technology of others is becoming increasingly popular, because it can greatly accelerate the normal R&D process time and can also serve to avoid litigation.

Out-Licensing

- Licensing out one's own technology to others can also be very advantageous, because earnings, typically from periodic royalty payments, are achieved with little effort and with essentially no overhead.

Co-Development

- Patentable technology can arise as the result of a co-development project with another company. It is very important to decide at the outset of any such project how the shared confidential information of each company will be protected and how any pre-existing and/or co-developed intellectual property rights will be dealt with.
- **Do not share any information let alone initiate any substantive work unless and until the appropriate confidentiality and development agreements are in place.**

Co-Development, cont'd.

Such agreements cover and include:

- A definition of the development project.
- Who will be responsible for what tasks?
- What will each party's contributions will be?
- What is the estimated time to completion and the designated progress mileposts?
- What information is to be considered confidential?
- How long will it be treated as confidential?
- What exceptions are there, if any, to what will be maintained confidential?
- How will pre-existing IP rights be handled if those rights protect properties used in the development project?
- Who will own any new IP rights that are created during and as a result of the project?

Project Member Responsibilities

- Each employee involved in a development project must be aware of whether or not the project they are working on is a part of such a joint or co-development agreement with an outside firm.
- Each project member must be careful regarding breaches of confidentiality. Since the co-developer is another company, confidentiality must be maintained to not run afoul of absolute novelty requirements.
- Project members should be aware of the outlines of any co-development agreement as to the handling of patent ownership of any pre-owned or jointly developed technology.

Submissions By Outside Parties

- Very frequently, outside parties, whether they are sole individuals or represent a small company, contact a larger business with the desire to submit an Idea/invention to that business. Their goal is, of course, to ultimately sell or license their idea to the larger company.
- Such information must not be reviewed without first having a preliminary confidentiality agreement signed by the submitting party.
- Statistically speaking, very few ideas submitted by individuals or small companies are actually utilized by the receiving company.
- You want to avoid the situation where, down the road, the submittor comes to you complaining that you used his or her idea without compensation to them.

Obtaining Trademark Protection

What are Trademarks?

- Trademarks include words, phrases, drawings, logos, sounds, colors or combinations thereof that are used in close association with goods or services to identify their source.

Trademark Rights

- In the US the first user of a mark has the senior right to its exclusive use, but, unless federally registered, only in the geographical area of actual use.
- Federal registration of a trademark can establish presumptive rights in the whole of the US, its territories and possessions.
 - In this manner, a registered trademark owner can safely expand into new areas without having to be concerned about uses that occur subsequent to the owner's, but in different geographical areas.

Name Selection

Selection of a name is a creative process.

- One helpful technique involves preparing lists of words related to any aspect of the product, such as its structure, appearance, advantages, best qualities, etc. A Thesaurus is very helpful in this regard, and to generate further words.
- These words can then be assembled in various combinations as a means for developing a mark, or can at least spur on further creative thinking.

Relationship to Product or Service

When selecting a name it is important to realize that trademarks can be viewed as existing on a scale running from generic to fanciful, that is, from being strongly related to the product or service to having no meaningful relation whatsoever.

GENERIC

Automobile
 Shoes

DESCRIPTIVE

Wheat 'n Nuts
 Corn Flakes

SUGGESTIVE

Microsoft ®
 Huggies ®

ARBITRARY

Apple ®
 Yahoo ®

FANCIFUL

“golden arches”
 “swoosh”

Relationship to Product or Service, cont'd.

- **Generic** marks can be viewed as the most “extreme” example of bearing a strong relationship as they are essentially the dictionary definition of the product or service. (*automobile, shoes...*)
- **Descriptive** marks, are less literal than the generic term, but also have a strong defining relationship to the product or service. (*Wheat ‘n Nuts, Corn Flakes...*)
- **Suggestive** marks are ones that merely suggest a quality or aspect of the product or service, and generally do so in a manner that requires some imagination or input on the part of the consumer to make the connection. (*Microsoft* ®, *Huggies*® ...)
- **Arbitrary/Fanciful** marks bear no relation to the product or service in terms of conveying any information to the consumer. Such marks generally consist of very unique or arbitrary names or graphics. (*Apple*®, “*swoosh*...”)

What is Protectable, What is Not.

- Protection cannot be had for marks that are deemed generic. Generic marks are simply the “dictionary” definition of the product or service and must be free for all in the particular industry to use, e.g. piano, cabinet, television, computer, etc.
- Similarly, words that are commonly used to describe the good or service can not be extracted from the common lexicon. All competitors must be free to use these words without fear of an infringement.
- Fanciful or Arbitrary marks are easily registered, but suffer from the disability of not conveying any information to the consumer. The advantage of these marks is that they can become a very “strong” due to their highly unique character. Unfortunately, there is a significant cost of getting that high profile association in terms of advertising expenditures.
- It is generally desirable to pick a name or mark that is suggestive, i.e., that implies or suggests a quality or aspect of the product or service. In this manner, the mark itself carries some information about the product or service so that it has a greater immediacy of understanding and faster degree of association in the minds of the consumer, yet does not cross that prohibited threshold of descriptiveness.

Prior User

- A clearance search must be done to determine if the proposed mark is already in use in association with the same or similar product or service as that being contemplated. If such use exists, the mark will generally not be available. To save searching time and money, it is generally a good idea to pare the list of potential marks to two or three most likely candidates.
- A mark that is being used by others may nonetheless be available for registration, if the planned use will be in a class of services or goods that is remote from that of the earlier users.
- A mark may also be unavailable even though the prior user is not using it, but is using one that could be potentially confused with the name being considered, i.e., it is “confusingly similar”.

Business Name

- There is often a temptation to want to use the business name for a trademark. This is completely OK **provided** you use the name in a trademark sense. For example, if the product or service includes a tag or advertising piece that has the following in small font, and usually off to a corner or along the bottom, “Zatways Corporation, 123 Main Street, Anytown, UT 84000, such does not constitute Trademark usage. However, if the word Zatways is used alone and prominently in a trademark sense, i.e. where it is clear to the consumer that it is intended to create the image and understanding in their minds that Zatways is the “brand” to be remembered in conjunction with the particular goods or service, then such use is proper. For example, “Zatways, the best cookies in the world” or “Zatways, a leader in the accounting world”.

Obtaining Federal Trademark Registration

- After a clearance search is conducted and the results show no uses that would present an obstacle to the contemplated use, an application for registration of the mark can be prepared and filed.
- An application for registration can be filed if the mark is currently being used in association with the goods or service in interstate commerce, or if there exists a “bona fide” intent to use the mark in interstate commerce.
- An “intent to use” application requires proof of actual use at some point during the application process before registration will be allowed.
 - Individual six month extensions can be applied for if the use does not occur prior to allowance of the mark, but such extensions cannot exceed 24 months in total. Thus, an intent to use application should not be filed too far ahead of when actual use is contemplated.

Obtaining Federal Trademark Registration, cont'd.

- Use in “interstate commerce” generally means a sale and shipment of the product or performing of the service across state lines, i.e., commerce between at least two states. For a service, advertising on a website can suffice.
 - Also, the “use” should be bona fide, not, for example, an artificial shipment across state lines where no actual sale has occurred.
- Federal registration of a mark entitles the owner to the use of the registration symbol ®, which symbol signifies a presumptive right to exclusive use of the mark in all of the United States, its territories and possessions for the particular product or service.

Obtaining Federal Trademark Registration, cont'd.

- Federal trademark registration is similar to the patent application process in requiring the filing of an application, and an active prosecution and examination thereof.
- Prior to registration, the trademark symbol TM can be used. This symbol serves to put others on notice of an owner's common law rights in a mark.
 - The ® symbol cannot be used unless and until the mark has been registered.

Maintaining a Trademark Registration

- A trademark registration is good for ten years and can be renewed for any number of successive ten year periods, provided the mark is still in use.
- During the first ten year period between the anniversary of the fifth and sixth years, an affidavit of use must be filed confirming that the mark is continuing to be used.
- If the use of the mark expands to other products, it may be necessary to file further registrations.
- Require others to use appropriate trademark symbols when using your mark. You have to be vigilant to ensure that your mark is not used in a manner that it becomes generic.
 - Cellophane, Aspirin and Elevator were once registered marks.

Maintaining a Trademark Registration, cont'd.

- The trademark office organizes all products and services into certain internationally recognized classes. If the mark applies to goods or services in more than one class, registrations in all those classes may be appropriate. (Naturally, the government will charge you a separate filing fee for each class in which protection is sought.)
- Non-use of a mark - “abandonment” - can result in loss of protection. Another party can obtain registration of a mark if abandonment can be demonstrated.

International Trademark Protection

- Trademark protection is also available in most foreign countries. Thus, if products are being shipped and sold abroad, it may be useful to consider applying for protection outside the US.
 - Your attorney will need to work with trademark counsel in each foreign country.
 - You will also need to pay yearly maintenance fees as applicable in each country.
- Most foreign countries do not give “preference”, as in the US, to a prior user. They use a first to file system which is somewhat analogous to the first to file system for patent protection.

International Trademark Protection, cont'd.

- It is instructive to point out that the most recognizable and memorable marks on an international basis are logos or designs, as they are generally do not require translation.
- You should also be aware that occasionally a logo or word mark may have an offensive or otherwise undesired meaning or implication in the language or customs of a foreign land.
- Since maintenance fees are required in each country in which you have trademark protection, the costs can add up quickly.

House Marks and Product Specific Marks

- Good examples of a “house” mark, include: “Microsoft”, GM or 3M. Related product specific marks would then be, Works®, Excel®, Chevrolet®, Cadillac®, Post-it® Notes, Scotch® Brand, and the like. The house mark is often used in conjunction with the product specific mark.
- A house mark is a good idea as it can accelerate the adoption of new product marks by providing instant source recognition. It is also a good strategy internationally as registering all the product marks abroad can be very costly. They can often exist without registration under the “umbrella” of the registered house mark. Registering product specific marks may be a good strategy domestically and depends on the level of competition and cost of doing so.

Copyright Protection

What is Protected?

- A Copyright provides protection for literary and artistic and dramatic works, such as, novels, theatrical plays, musical compositions, photographs, films, paintings, sculptures and the like. A Copyright also can to protect computer software, advertising copy, product brochures, instruction manuals and other types of less “dramatic” but equally valuable works that are produced daily by virtually all businesses.
- Copyrights subsist from the moment of creation of the work without any affirmative act required on the author’s part. No is registration required.
- A work is created when it is fixed in a tangible form from which it can be perceived or communicated, e.g. a CD, a book, a printing, digital memory, etc.
 - However, unlike utility patent protection, a copyright does not serve to protect any functional or operational aspect of the work. (A blueprint can be copyright protected but not the machine described therein; function is the province of patents.)

Notice / Registration

- If copies of the work are sold or otherwise distributed, i.e., published, proper copyright notice should be used.
- Use of notice is a good idea even though the United States is now a signatory nation to the Berne copyright convention, which holds that lack of notice does not result in loss of copyright.
- Notice obviously serves as a positive assertion of ownership. Proper copyright notice preferably consists of the © symbol followed by the first year of publication and finally by the name of the owner.
 - E.g. “© 1594 William Shakespeare”, “© Microsoft Corporation 2012”

Notice / Registration, cont'd.

- In the US, a registration with the copyright office can be desirable after publishing the work to create a public record of such ownership and is a necessary prerequisite to the initiation of an infringement action in federal court.
- Registration in the US involves filling out of the appropriate copyright form and submitting the form, along with a minimal fee and a deposit copy of the work, to the copyright office.
 - See, <http://www.copyright.gov/forms//>

Protection

- A copyright in a work protects that work not only from the production and distribution of identical copies, but from producing works that are substantially similar.
- Where a court will draw this line as between what will qualify as a prohibited substantially similar work and one that is not, is highly dependent on the facts of the case, and to a greater or lesser extent, has to involve some subjective analysis.
- Copyright law serves to protect the expression of an idea more so than the underlying concept. It is important to note that a finding of copying must include proof that the defendant had access to the copyrighted work.

Protection, cont'd.

- An approach used by courts in deciding substantial similarity is through use of the concept of “scenes a faire”. This analysis tool stands for the proposition that there exist very basic concepts, elements, story lines and the like that can not be exclusively appropriated by one individual or business entity.
 - For example, it is perfectly fine to write a story and/or make a movie about a group of rebels that work to overthrow a dictatorial empire and even if that story is set in a futuristic world in a distant galaxy. However, a line will certainly be crossed if names, places, characters or storyline details mimic that of the very popular “Star Wars” ® series of books and movies.

Ownership

- Copyright in a work extends first to the author or authors thereof.
- Copyright protection is available for a period of time generally equal to the life of the author of the work plus a period of 70 of years.
- Copyright rights can be assigned to others.
- In the US, if the work is defined as a "work made for hire", then the copyright is good for a period of 95 years from the date of publishing thereof or 120 years from the date of creation of the work, whichever is less.
 - A work made for hire is one that is performed by an employee for and on behalf of their company, or that has been commissioned of a non-employee.
 - A commissioned work is only applicable to a limited number of specific categories that typically do not apply to most business developed works. Thus, the copyright must generally be assigned to the company if it was created by a non-employee.

Other Copyright Concerns

- It should be noted that software also has the possibility of being protected by a utility patent in addition to any copyright protection thereon.
- Obtaining, patent protection for software can be somewhat problematic. One's chances of success in getting a software patent are enhanced to the extent that the patent claims the software in the context of a machine, i.e. that the software is “machine implemented”. Examples include software that runs the control logic for a robotic machine or at least is implemented in a personal computer. Claims that consist merely of an algorithm – sequence of logical steps or calculations will not suffice. Mathematical formulas are also by themselves not patentable.
- Obtaining a copyright registration for a company brochure or catalogue may not be necessary in most cases, particularly where the distribution is relatively small and/or where the likelihood of copying is low. However, copyright notice should always be used as it is free and affords some measure of protection.

Trade Secret Protection

Obtaining Protection

- No affirmative act of registration or the like is required to obtain Trade Secret protection. The very nature of a Trade Secret is to keep some specific information entirely confidential. Trade secrets are often thought of as secret ingredients, components or process steps that are used in making a physical product but can also include confidential business information.

Term of Protection

- A trade secret is of value for as long as a company can “keep the secret”. Thus, for example, if a purchaser of a product can easily determine its components or structural details or the process by which it was made by reverse engineering, a trade secret approach will not be a viable option.

Protection

- The courts will provide for protection of trade secrets that were learned through illegitimate means, such as from a former employee, through theft from company offices, or through other forms of business espionage. Of course, putting the proverbial cat back in the bag can be problematic.

Maintaining Protection

Affirmative steps must be taken to prevent the secret from “leaking out”;

- Password protection of sensitive digital data.
- Have rules and mechanisms in place with regard to access to restricted areas within a company as well as to the company generally.
- Draft employee agreements to include notice to the employee of their duties to the company regarding its secret information and penalties for violating that duty. When an employee leaves the company the exit interview should include a strong reminder of their on-going duty of confidentiality owed to the company.

Basic Practice Tips: Patents

- Keep your patent attorney apprised of all new or improvement technology so that patentability can be evaluated, and to allow sufficient time to prepare a patent application if needed.
- Be sure to maintain complete confidentiality prior to filing of the patent application. Always have a confidentiality agreement in place when discussing the invention with anyone outside of the company.
- Be sure the invention is not sent for a field test, or otherwise leaves the building prior to filing of a patent application, unless you have no interest in foreign protection and provided you file your US application prior to the lapse of one year from that date.
- Disclose all known prior art to your patent attorney and any discovered during the patenting process.
- Fully disclose to your patent attorney how the device operates and the best way to manufacture and use it. And keep him or her apprised of any changes.

Basic Practice Tips: Trademarks

- Be aware of the concepts of descriptiveness and confusing similarity when selecting a trademark.
- Pare the list down to two or three likely candidates before conducting a name search.
- Seek legal advice early on in the name selection process.
- Use the TM symbol prior to federal registration, use the ® symbol only when and if the mark becomes federally registered.
- For foreign registrations, consider a mark that is not language/culture specific.

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