Intellectual Property
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- Patents
- Copyright
- Trade Secrets
- Trademarks
Outline

1. Patents
   a. What is a patent and what can be patented
   b. Internal Disclosure and Company/University decides whether or not to patent
   c. Guiding principles

2. Copyright
   a. What is a copyright and how to get a copyright
   b. How to maintain a copyright
   c. Who owns the copyright

3. Trade Secret
   a. What is a trade secret and how to obtain a trade secret
   b. How business put trade secret to use
   c. What rights does the owner of a trade secret have?
   d. How does a business protect its trade secrets?
   e. Nondisclosure Agreements

4. Trademarks
   a. What is a trademark?
   b. Different types of trademarks.
   c. Conducting a trademark search
   d. Using and enforcing trademarks
   e. "TM" and ®: What do they mean?
   f. How does Trademark differ from a copyright or patent?
**Intellectual Property**

*Intellectual property* refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.

The U. S. Government protects two basic types of intellectual property:

- **Industrial property** -- inventions (patents), trademarks, industrial designs, and geographic indications of source; and
- **Copyright** -- literary and artistic works.

Industrial property can be separated into three types:

a. Patents (utility and design)

b. Trade secrets, and

c. Trade marks
A **patent** for an invention is the *grant of a property right to the inventor*, issued by the Patent and Trademark Office. The right conferred by the patent grant is, in the language of the statute and of the grant itself:

- “the right to exclude others from making, using, offering for sale, or selling” the invention in the United States or “importing” the invention into the United States.
- What is granted is not the right to make, use, offer for sale, sell or import, but the right to exclude others from those.

Any **person** who “invents or discovers any *new and useful* process, machine, manufacture or composition of matter, or any new and useful improvement thereof, may obtain a patent,” subject to the conditions and requirements of the law.

- “process” is defined by law as a process, act of method and primarily includes industrial or technical processes.
- “machine” is an apparatus or device.
- “manufacture” refers to articles which are made, and includes all manufactured articles.
- “composition of matter” relates to chemical compositions and may include mixtures of ingredients as well as new chemical compounds.
Only the inventor may apply for a patent (unless the inventor is dead, insane, or is a joint inventor who refuses to apply for a patent).

If more than one person make an invention jointly, they apply as a joint inventor.

Employees who invent in the course of their employment are bound by employment agreements that automatically assign all rights to an invention to their employer.

Multiple claims (independent/dependent) may be provided as long as they differ substantially from each other.

The collection of all the claim elements must be complete so that all the components of the “preferred embodiment” can be found in the claim language.

The components of the invention are usually identified by nouns that are generic as possible to avoid introducing unnecessary limitations.

If a patent is infringed, the patentee may ask the court for an injunction to prevent the continuation of the infringement, and may also ask for an award of damages representing lost income due to the infringement.
Copyright is a form of protection provided by the laws of the United States to the authors of "original works," including literary, dramatic, musical, artistic, and certain other intellectual works.

This protection is available to both published and unpublished works. Copyright Act gives the owner of copyright the exclusive right to do and to authorize others to do the following:

- To reproduce the work in copies or audio records;
- To prepare derivative works based upon the work;
- To distribute copies or audio records of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- To perform the work publicly, in the case of literary, musical, dramatic, motion pictures and other audiovisual works;
- To display the copyrighted work publicly, in the case of literary, musical, dramatic, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work; and
- In the case of sound recordings, to perform the work publicly by means of a digital audio transmission.

To obtain a Copyright

- No publication or registration or other action in the Copyright Office is required to secure copyright,
- Copyright registration is a legal formality intended to make a public record of the basic facts of a particular copyright
- U.S Copyright Office: http://www.copyright.gov/circs/circ1.html
WHAT WORKS ARE PROTECTED?
Copyright protects "original works of authorship" that are fixed in a tangible form of expression. The fixation need not be directly perceptible so long as it may be communicated with the aid of a machine or device. Copyrightable works include the following categories:

- literary works;
- musical works, including any accompanying words
- dramatic works, including any accompanying music pantomimes and choreographic works
- pictorial, graphic, and sculptural works
- motion pictures and other audiovisual works
- sound recordings
- architectural works

These categories should be viewed broadly. For example, computer programs and most "compilations" may be registered as "literary works"; maps and architectural plans may be registered as "pictorial, graphic, and sculptural works."

WHAT IS NOT PROTECTED BY COPYRIGHT?
Several categories of material are generally not eligible for federal copyright protection. These include among others:

- Works that have not been fixed in a tangible form of expression (for example, choreographic works that have not been notated or recorded, or improvisational speeches or performances that have not been written or recorded)
- Titles, names, short phrases, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering, or coloring; mere listings of ingredients or contents
- Ideas, procedures, methods, systems, processes, concepts, principles, discoveries, or devices, as distinguished from a description, explanation, or illustration
- Works consisting entirely of information that is common property and containing no original authorship (for example: standard calendars, height and weight charts, tape measures and rulers, and lists or tables taken from public documents or other common sources)
Duration of a Copyright

Works Originally Created on or after January 1, 1978

A work that is created (fixed in tangible form for the first time) on or after January 1, 1978, is automatically protected from the moment of its creation and is ordinarily given a term enduring for the author's life plus an additional 70 years after the author's death.

In the case of "a joint work prepared by two or more authors who did not work for hire," the term lasts for 70 years after the last surviving author's death.

For works made for hire, and for anonymous and pseudonymous works (unless the author's identity is revealed in Copyright Office records), the duration of copyright will be 95 years from publication or 120 years from creation, whichever is shorter.
What is a Trade Secret

- Trade secrets are protected by state law, and may consist of any formula, pattern, physical device, idea, process, compilation of information or other information that both:
  a) provides the owner of the information with a competitive advantage in the marketplace, and
  b) is treated in a way that can reasonably be expected to prevent the public or competitors from learning about it, absent improper acquisition or theft.

- Among things courts have found to be "trade secrets" are machining processes, blueprints, and stock-picking formulae, customer lists, pricing information, and non-public financial data. In addition, information such as overhead rates and profit margins that help define a price may be found to be a trade secret even if the price itself is known.
Use of a Trade Secret

How to obtain a Trade Secret

- Unlike other forms of intellectual property such as patents, copyrights or trademarks, trade secrecy is basically a do-it-yourself form of protection. You don’t register with the government to secure your trade secret; you simply keep the information confidential. Trade secret protection lasts for as long as the secret is kept confidential. Once a trade secret is made available to the public, trade secret protection ends.

How do businesses use trade secrets?

- Trade secrets often protect valuable technical information that cannot be sheltered under other forms of intellectual property law, such as the formula for Coca-Cola.
- They protect ideas that offer a business a competitive advantage, thereby enabling a company or individual to get a head start on the competition – for example, an idea for a new type of product or a new website.
- They keep competitors from learning that a product or service is under development and from discovering its functional or technical attributes -- for example, how a new software program works.
- They protect valuable business information such as marketing plans, cost and price information and customer lists – for example, a company’s plans to launch a new product line.
- They protect "negative know-how" -- that is, information you’ve learned during the course of research and development on what not to do or what does not work optimally -- for example, research revealing that a new type of drug is ineffective, or
- They protect any other information that has some value and is not generally known by your competitors – for example, a list of customers ranked by how profitable their business is.
Trade Secret Protection

What rights does the owner of a trade secret have?

- A trade secret owner can prevent the following groups of people from copying, using and benefiting from its trade secrets or disclosing them to others without permission:
  - people who are automatically bound by a duty of confidentiality not to disclose or use trade secret information
  - people who acquire a trade secret through improper means such as theft, industrial espionage or bribery
  - people who knowingly obtain trade secrets from people who have no right to disclose them
  - people who learn about a trade secret by accident or mistake, but had reason to know that the information was a protected trade secret
  - people who sign nondisclosure agreements (also known as "confidentiality agreements") promising not to disclose trade secrets without authorization from the owner. This may be the best way for a trade secret owner to establish a duty of confidentiality

- There is one group of people that cannot be stopped from using information protected under trade secret law. These are people who discover the secret independently, that is, without using illegal means or violating agreements or state laws.

  For example: XCEL glue is comprised of a trade secret protected formula. Phil, a chemist, analyzes the contents of XCEL glue, determines its composition and recreates the formula. Phil can legally use this information to make and sell his own glue.
Nondisclosure Agreements

- **How can a business protect its trade secrets?**
  - Mark documents containing trade secrets "Confidential," lock trade secret materials away after business hours, maintain computer security, and limit access to secrets to people with a reasonable need to know.
  - The best way to establish and protect trade secrets is through use of nondisclosure agreements. Without nondisclosure agreements, the odds go up that information you consider to be extremely valuable to your business will be deemed to have no legal protection.

- **Nondisclosure Agreements**
  - A nondisclosure agreement -- also called an NDA or confidentiality agreement -- is a contract in which the parties promise to protect the confidentiality of secret information that is disclosed during employment or another type of business transaction. If you make a nondisclosure agreement with someone who uses your secret without authorization, you can request a court to stop the violator from making any further disclosures and you can sue for damages.
  - The use of nondisclosure agreements has become almost ever-present in the high-tech field, particularly for Internet and computer companies. For example, Sabeer Bhatia, founder of Hotmail, made sure that everyone who knew about his start-up company signed a nondisclosure agreement. Over a two-year period he collected over 400 NDAs from employees, friends and roommates. He believes that his secrecy efforts gave him a crucial six-month lead on the competition. He eventually sold Hotmail to Microsoft for a reported $400 million in stock.
What is a Trademark?

- Trademark law governs disputes between business owners over the names, logos, and other devices they use to identify their goods and services in the marketplace.

Different types of trademarks

- **Service marks** - For practical purposes, a service mark is the same as a trademark -- but while trademarks promote products, service marks promote services and events. As a general rule, when a business uses its name to market its goods or services in the yellow pages, on signs or in advertising copy, the name qualifies as a service mark.

- **Certification marks** - A certification mark is a symbol, name or device used by an organization to vouch for products and services provided by others -- for example, the "Good Housekeeping Seal of Approval." This type of mark may cover characteristics such as regional origin, method of manufacture, product quality and service accuracy. An example of certification marks: Stilton cheese (a product from Stilton, England)

- **Collective marks** - A collective mark is a symbol, label, word, phrase or other mark used by members of a group or organization to identify goods, members, products or services they render. Collective marks are often used to show membership in a union, association or other organization.

- **Trade dress** - In addition to a label, logo or other identifying symbol, a product may come to be known by its distinctive packaging-- for example, Kodak film -- and a service by its distinctive shape -- for example, Coca-Cola bottle.
Trademark Search

Conducting a Trademark Search

If you want to find out whether you're legally permitted to use the name you've chosen for your products and services, you must conduct a trademark search.

- If the mark you want to use has been federally registered by someone else, a court will presume that you knew about the registration -- even if you did not. And if you do use the mark improperly, you will be cast in the role of a "willful infringer." Willful infringers can be held liable for large damages and payment of the registered owner's attorney fees.

- A trademark search can be done through [http://www.uspto.gov](http://www.uspto.gov) and powerful Internet search engines to find out if and where your proposed mark is being used on the World Wide Web.
Using and Enforcing Trademarks

- In trademark law, "use" means that the mark is at work in the marketplace, identifying the underlying goods or services. This doesn't mean that the product or service actually has to be sold, as long as it is legitimately offered to the public under the mark in question.
- It is possible to acquire ownership of a mark by filing an "intent-to-use" (ITU) trademark registration application with the U.S. Patent and Trademark Office before someone else has actually started using the mark. The filing date of this application will be considered the date of first use of the mark if the applicant actually uses the mark within the required time limits -- six months to three years after the USPTO approves the mark, depending on whether the applicant seeks and pays for extensions of time.
- In addition, under federal and state laws known as "anti-dilution statutes," a trademark owner may go to court to prevent its mark from being used by someone else if the mark is famous and the later use would dilute the mark's strength.
The Trademark Symbols

"TM" and ®: What do they mean?
Many people like to put a "TM" (or "SM" for service mark) next to their mark to let the world know that they are claiming ownership of it. However, it is not legally necessary to provide this type of notice; the use of the mark itself is the act that confers ownership.

The "R" in a circle ( ® ) is a different matter. This notice may not be put on a mark unless it has been registered with the U.S. Patent and Trademark Office -- and it should accompany a mark after registration is complete. Failure to put the notice on a registered trademark can greatly reduce the possibility of recovering significant damages if it later becomes necessary to file a lawsuit against an infringer.
Trademark, Patents and Copyrights

How does Trademark differ from Copyrights?

- Copyright protects original works of expression, such as novels, fine and graphic arts, music, audio records, photography, software, video, cinema and choreography by preventing people from copying or commercially exploiting them without the copyright owner's permission. But the copyright laws specifically do not protect names, titles or short phrases. That's where trademark law comes in. Trademark protects distinctive words, phrases, logos, symbols, slogans and any other devices used to identify and distinguish products or services in the marketplace.

How does Trademark differ from Patent?

- Patents allow the creator of certain kinds of inventions that contain new ideas to keep others from making commercial use of those ideas without the creator's permission.
- Generally, patent and trademark laws do not overlap. When it comes to a product design, however, it may be possible to obtain a patent on a design aspect of the device while invoking trademark law to protect the design as a product identifier.

For instance, an auto manufacturer might receive a design patent for the stylistic fins that are part of a car's rear fenders. Then, if the fins were intended to be -- and actually are -- used to distinguish the particular model car in the marketplace, trademark law may kick in to protect the appearance of the fins.
Employment Agreements

- **Employment, Confidential Information and Invention Assignment Agreement**
  - License for Prior Patents and Inventions
    - Give full rights to the company
  - Assignment of Inventions
    - Agree to disclose and assign all ideas to the company
  - Maintenance of Records
    - Agree to maintain written records of all inventions
  - Patent and copyright Registration
    - Agree to assist the company to secure the company’s rights in the inventions
  - Exception to Assignments
    - California Labor Code Section 2870
      - “Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information”
Summary

• The product of your intellectual efforts are protected as property.
• Devices and processes are protected by patents,
• Works of writing, drawing or sculpture are protected by copyright,
• Symbols and phrases are protected by trademarks, and
• Business secrets are protected as “trade secret.”
• In each case, you must identify the intellectual property that is to be protected and take the appropriate actions to record it as a patent, copyright or trademark, or require non-disclosure statements if it is a trade secret.