



Legally Speaking: Intellectual Property – Know and Protect What You Own

By Anthony Biller



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Clever parentpreneurs know their business. There is perhaps nothing more fundamental about knowing your business than knowing what it is made of and what it owns. In the 19th and 20th centuries, most companies found their value in land and tangible objects. It was fairly easy to know what you owned – you could walk on it or touch it. Today, companies are increasingly in the business of information, image, and/or services where a significant portion of their value comes from identity, ideas, and/or expressions. The market values of Google, Coca-Cola, Nike, Sony, and Walt Disney each substantially exceed the value of their tangible holdings. In order to protect such intangible assets, you have to first know how to identify them.

TRADEMARKS

The most common form of intellectual property is the trademark, or your mark in trade. Nearly every business, service, and good sold in commerce has a name and develops at least some reputation amongst its consumers. A trademark is any word, name, symbol, or device, or any combination thereof used by a person in commerce to identify and distinguish his or her goods from those manufactured or sold by others. A trademark tells the consumer from whom the good originated (even if the “legal” identity of the source is unknown). A trademark is generally synonymous with “goodwill.” A service mark is essentially the same thing as a trademark, but is used in conjunction with services. The appearance of a product and/or product packaging may also be a source indicator and is known as “trade dress.” Trade dress is given protection similar to trademarks for non-functional and distinctive aspects of products and product packaging, to include the shapes, colors,

decorations, and other “look and feel” aesthetics. Trademark law protects your identity in the market. It protects against consumers confusing your business, goods, and services with those of another or from incorrectly assuming there is an association or endorsements between the companies.

There are two fundamental concerns for trademark management: selecting and protecting. The first principle of brand management is selecting a trademark that is inherently strong and distinctive. As a general rule, a brand should be something unique and distinctive that allows your consumers to readily identify you and your goods and/or services in the marketplace. The best brands are those that are inherently arbitrary to their goods or services or that cleverly suggest their nature or benefit. To the extent you want to immediately communicate what the good or service is, who might want it, or a benefit of using it, include a tagline that provides the description. A distinctive brand is much more likely to imprint itself onto a consumer’s mind. Courts also afford distinctive brands a broader scope of protection. When a consumer remembers the brand, he or she is also likely to remember the ideas and expectations associated with the branded products and services.

Once you select a brand, screen it against state and federal trademark registrations and applications as well as against common-law databases of trademarks and Internet URLs. The review must include analyses of any potentially confusing marks, such as those that deviate only slightly in appearance, phonetically, in spelling, or that share a dominant characteristic. Brands from all areas of industry should be reviewed to protect against treading on famous brands in unrelated fields.

Being granted a corporate name from a state agency should never be confused with clearing a brand. Similarly, a refusal by a state agency to register a corporate name because it is too close to a previously incorporated entity does not mean that your trademark would infringe the other entity’s trademark rights. The other entity may not make trademark use of the legal name, and even if they do, there might not be a problem. A company that sells pick axes in hardware stores under the name “ACES” is not likely to infringe the trademark rights of a company that sells lipstick over the Internet under the same name. An experienced trademark lawyer should be consulted to conduct your brand clearance.

Businesses that plan on making continual use of a brand or brands over a meaningful geographic area (such as over the Internet) protect their brands as a regular part of doing business. Federal and in some instances state and international trademark registrations protect and enhance a brand’s place in

commerce. You should also secure all related Internet URLs to include simple derivatives and misspellings of the brand.

You may also want to consider “policing” the brand for potentially confusing brand usage by third parties. If a brand was distinct upon adoption, its success will likely generate imitators. Increased third-party use dilutes the strength of a brand. Brand owners routinely monitor the U. S. Patent and Trademark Office and other databases for evidence of infringing and diluting brand usage by third parties.

PATENTS

Where trademarks protect marketplace identity, patents provide monopoly rights on useful ideas. A person who invents or discovers a new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement to the same, may obtain a patent. There are three types of patents available: design, plant, and utility patents. Utility patents are the most common and protect ideas relating to machinery or functional articles, processes (including computer software and methods of doing business), and compositions of matter, as well as improvements to any of these. A utility patent gives you the exclusive right to make, use, and sell the patented device in the U.S., or import it into the U.S., for a period of twenty years from the date of application. Design patents protect the way a useful article looks for a period of fourteen years from the date of filing. Plant patents protect asexually reproduced plants, and they generally last for twenty years from the date the patent certificate issues.

For an idea to qualify for patent protection, the idea must be new and non-obvious to those skilled in the art. The novelty does not, however, need to be revolutionary or ingenious. Most patents cover incremental improvements to existing devices or methods. Patentability analyses consist of searching published articles and issued patents to find references closely related to the idea. It is usually a good idea to retain a patent attorney to help determine whether an idea is patentable. It is important to remember that the prior art used to evaluate the novelty and non-obviousness of an idea is not limited to whether the same or similar idea is currently available on the market. The significant percentage of ideas disclosed in patents and in publications do not make it to market.

In order to pursue patent protection, your idea must not have been patented or described in a printed publication or in public use or on sale more than one year prior to filing the application in the United States. Should you fail to file your application or at least a provisional application prior to that time,

the idea is deemed donated to the public. There are some exceptions for “experimental” uses.

Because patents are so powerful, the government exercises a fair degree of care before issuing a patent. In addition to government filing fees, the patent owner must explain in the patent the best method known for practicing the invention. In order to obtain the monopoly rights, the inventor must teach the new idea to the world in the patent itself. The patent application process is expensive and can be prolonged. Where a patent covers a marketable and profitable idea, the effort can be well worth it. Patents provide powerful protection and strong remedies, to include potentially large monetary recovery and the possibility of obtaining an injunction preventing others from making, using, selling, or importing anything or a method that falls within the claims of the patent.

Care and discrimination should be used when deciding whether to patent an idea and in selecting the lawyer or law firm to use. The value in a patent derives from the breadth of the patent claims that the patent attorney is able to get through the USPTO. If the claims are not well written, competitors will be able to copy your idea from the patent disclosure and make modest changes to design around the narrow claims. You should also stay far away from “invention” companies that offer to help patent and market your idea. These companies are almost always a bad deal for inventors.

COPYRIGHTS

Copyrights protect expressions and provide authors the exclusive right to reproduce, prepare derivative works, distribute copies, perform in public, and display in public his or her work. Copyright exists in literary, musical, dramatic, choreographic, pictorial, graphic, sculptural, motion picture, audio visual, sound recording, and architectural works. An author that has used at least a minimal amount of his or her own creativity to create any such work owns the copyright in that work.

As the phrase “copyright” implies, the author has a right to prevent others from using or copying the work. It is not a monopoly right in the particular expression. If another person authors an identical expression without prior exposure or reference to the first author’s work, there is no copyright infringement. Of course, the more complex the expression, the less likely someone will make an identical version on their own. It is also important to keep in mind that copyrights protect the expression and not the underlying

idea. It is the manner in which an idea is expressed that can be protected from copying.

Applying notice of your copyright to or near your works is no longer required to preserve and protect the copyright. Affixing a notice does, however, provide constructive notice of your rights, informs viewers of your property right claim, and prevents an infringer from claiming innocent infringement. The appropriate copyright notice consists of the copyright symbol or word followed by the name of the author and the year in which the works was originally completed. A standard format is as follows: © Anthony J. Biller 2007.

It is a very good idea to register your copyrights with the United States Copyright Office. If a work is registered at the time it is infringed, the copyright holder is eligible for statutory damages of up to \$75,000 per act of infringement or up to \$150,000 per infringement in cases of willful infringement. The copyright owner can also recover his or her attorney's fees expended in enforcing the copyright. Without a prior registration, statutory damages and attorney's fees are not recoverable. In many cases, such recovery is greater than the damages award. A copyright registration also provides contemporaneous evidence of ownership and constitutes prima facie evidence regarding ownership and copyright validity in a court of law. Finally, a copyright owner must register the copyright prior to filing a lawsuit. If you want to protect your copyrights, it makes good sense to file the registrations as soon as the works are completed and prior to introducing them to the market.

The duration of a copyright depends on the type of author and the date of publication. Currently, works authored by an individual last for the duration of the author's life plus seventy years. Works made for hire, such as by employees of a corporation, and anonymous or pseudonymous are copyrighted for ninety-five years from first publication or 120 years from creation, whichever is shorter.

OTHER

There are many additional ways to protect your intellectual property assets. While patents provide strong monopoly rights for a term of years, the patented idea becomes public domain once the patent expires. Further, you are required to educate your competitors on how to implement the idea as part of the patent. Some companies believe their idea will have market power for longer than the duration of a patent, and, where the idea can be "hidden" from public disclosure while in use, they rely instead on trade

secrets. Perhaps the most famous and successful trade secret is the recipe for Coca-Cola. Trade secret law varies from state to state, but there are deliberate steps entrepreneurs can take to maintain their ideas as “trade secrets.”

Some companies also have their employees sign nondisclosure agreements and non-compete agreements to prohibit employees from giving company knowledge, insights, and experience to competitors. Works for hire agreements and promises to assign future intellectual property rights can also be valuable tools for a company’s resource management.

Many of these tools have strict legal formalities to which you must adhere for the tools to be effective. U.S. courts and public policy favor open markets and the free-flow of knowledge and information. Our public policy also disfavors, as a general rule, restrictions on labor and an individual’s opportunity to work. Because of these policies, courts typically strictly and narrowly construe trade secret, non-compete, and other contractually based efforts to protect knowledge and restrict competition. If you want to pursue any of these avenues, consult with an attorney that has experience in managing intellectual property assets.

Should you have any questions regarding this article, feel free to send me an email at [abiller \(at\) coatsandbennett \(dot\) com](mailto:abiller@coatsandbennett.com).

By [Anthony B](#) on 01/7/07 in [Columns](#), [Editor Picks](#), [Legally Speaking](#), [Office Talk](#), [Parentpreneur](#)

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