

An Overview of Intellectual Property

Our legal system provides certain rights and protections for owners of property. The kind of property that results from the fruits of mental labor is called intellectual property. Rights and protections for owners of intellectual property are based on federal patent, trademark and copyright laws and state trade secret laws. In general, patents protect inventions of tangible things; copyrights protect various forms of written and artistic expression; and trademarks protect a name or symbol that identifies the source of goods or services.

The overview does not explain trade secret law. The details of this law, the protection provided, and the liability for unauthorized use or disclosure depends upon the State within which the reader resides. The law varies from State to State. However, the reader should know that a trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. (Restatement of Torts 757)

I. Patents

What Is A Patent?

A patent is a document, issued by the federal government, that grants to its owner a legally enforceable right to exclude others from practicing the invention described and claimed in the document. Congress allows this right, for a term ending twenty years from the date of filing of an application for patent, to encourage the public disclosure of technical advances and as an incentive for investing in their commercialization. Thus, the overall progress of technical innovation is favored, while at the same time inventors are rewarded for their specific contributions. Like other forms of property, the rights symbolized by a patent can be inherited, sold, rented, mortgaged and even taxed. When a patent

expires, or is held invalid, the right to exclude the others ceases. The public is the ultimate beneficiary of the technical advance.

Under What Conditions Is A Patent Granted?

Congress has specified that a patent will be granted if the inventor files a timely application which adequately describes a new, useful and unobvious invention of proper subject matter. To be timely, an application must be filed within one year of certain acts (by the inventor or others) which place the invention in the hands of the public i.e., patented or published anywhere in the world, on sale or in public use in this country. This one-year grace period, however, is not available in most foreign countries.

A U.S. inventor who wants to obtain corresponding foreign patents must first file an application in the U.S. before any divulgation, whether in written or oral form, of the invention to the public. The description of the invention in the application must be complete enough to enable others to practice the invention. Moreover, the application must describe the best manner ("best mode") known to the inventor of carrying out the invention.

The described invention must be new i.e., not invented first by another or identically known or used by others in this country or patented or published anywhere in the world before the actual invention date (not the application filing date). The invention also must be useful i.e., serve some disclosed or generally known purpose.

The requirement of unobviousness means that the differences between the invention and the prior public knowledge in its technical field must be such that a person having ordinary skill in this field would not have found the invention obvious at the time it was made.

The proper subject matter of a patent is any product, process, apparatus or composition, including living matter such as genetically engineered bacteria or plants. Special provisions also permit patents directed to certain distinct and new varieties of plants (Plant Patent) and new original and ornamental designs for articles of manufacture (Design Patent). Purely mental processes, newly discovered laws of nature and methods of doing business are not proper subjects for a patent.

Why Obtain A Patent?

Most inventors seek a patent to obtain the actual or potential commercial advantages that go along with the right to exclude others. Given the high cost of research and development, the opportunity to recoup these costs through commercial exploitation of the invention may be the primary justification for undertaking research in the first place.

Patent rights can be commercially exploited in two basic ways: (1) directly, by the inventor's practice of the invention to obtain an exclusive marketplace advantage (as where the patented technology results in a better product or produces an old product less expensively) and/or (2) indirectly, by receiving income from the sale or licensing of the patent.

It is important to note that a patent (i.e., the right to exclude others) does not give the inventor the right to practice the invention. The inventor can practice his invention only if by so doing he does not also practice the invention of an earlier unexpired patent. While only one patent can be granted on a particular invention, it is easy to see how more than one patent could be infringed by making a single product.

For example, consider that A has a patent on a new type of door and B invents an improved door of this type with a special lock. B could not sell the

improved locking door since A's patent broadly covers all doors of this type. On the other hand, A could not incorporate the improved lock in his basic door since B's patent covers this combination. In these circumstances both A and B can be free to practice the best technology (locking door) only if each grants a patent license to the other.

The indirect exploitation of a patent may be exclusive, e.g., by selling all rights in the patent or granting an exclusive license. Licenses can be non-exclusive, allowing many parties, including the inventor, to practice the invention simultaneously. A patent may also provide commercial advantages in addition to the potential for an exclusive market position or licensing income. A patent often lends business credibility to start up ventures and can open doors to both technical assistance and financing necessary to bring a new product to market. An improvement patent may also provide the barter necessary to cross license any basic patents held by others which block the path to market.

How to Obtain A Patent

Patents are obtained through a complex administrative proceeding in the United States Patent and Trademark Office. Since the legal rules that govern this proceeding are quite extensive and often complicated, it is strongly recommended that an inventor seek the assistance of an experienced patent attorney before beginning this process.

Before actually applying to the Patent and Trademark Office there are several important preliminary steps that should be followed to prevent possible loss or damage to future patent rights. One of the most important of these preliminary steps is proper record keeping. Since United States patents are granted to the first inventor, it may become necessary to prove when the invention was made. This is best accomplished by making a complete record of

the invention from the first idea right up through development of commercial products.

The invention record should clearly describe the invention with words and pictures (photographs, sketches, drawings, etc.) and should explain fully how it operates or is used. Each page of invention record should be signed and dated in ink by the inventor. The record should also be reviewed as it is made by at least one other trustworthy person who is capable of understanding the invention, who should sign and date the record under the notation read and understood by. . . .

Another important preliminary step is the determination of whether the invention is likely to be considered patentable by the Patent and Trademark Office, and if so, whether a patent which might be granted would be broad enough in its coverage to be worthwhile in a commercial sense. Such a preliminary evaluation of patentability should be made by a patent attorney, based in part on the prior patents and other materials located in a search of relevant records in the Patent and Trademark Office. While the attorney's opinion that the invention should be patentable is not a guarantee that the patent will be granted, if he finds that the invention probably is not patentable or economically worthwhile, the considerable cost and effort of going forward with the process can be avoided.

The next step in the process of obtaining a patent is the preparation of a patent application. A patent application is a legal document, which must fully describe the invention with words and, where appropriate, drawings, and which includes claims which define the legal boundaries of the invention. It is essential to the validity of the patent, and its ability to adequately protect the invention, that the invention be described and claimed completely and precisely. Accordingly, the inventor should tell the patent attorney everything about the invention, including what problems it solves and what difficulties were overcome to make it work.

Particularly important is the duty to tell the attorney about prior patents or other prior inventions of which the inventor is aware, so this information can be disclosed to the Patent and Trademark Office. The patent application will also contain a Declaration and Power of Attorney form which the inventor must sign indicating that he has read and understood the application and affirming that he is the first inventor. The application and a filing fee are then sent to the Patent and Trademark Office to effect a filing.

Congress has recently authorized a new form of preliminary patent application known as a Provisional Application, which can be filed at a lower cost and without claims and certain other formalities. This Provisional Application is not examined, but must be replaced by a conventional application within a year. The benefit of this new form of application is that it does not count in determining the expiration date of the patent, which is measured from the date of filing of the conventional application.

The filing of an application for a patent does not create any enforceable rights since the courts will only stop an infringer after the patent is granted. Nevertheless, marking a device Patent Pending or Patent Applied For may discourage potential infringers since it puts them on notice that they may have to stop production once the patent is granted. It is unlawful to use such a notice unless an application for patent is actually pending in the U.S. Patent and Trademark Office. After the patent has issued, it is also good practice to mark the products sold under the patent with the patent number because it gives the inventor certain additional legal rights.

In the Patent and Trademark Office the application undergoes a process called Examination. After an initial processing stage (which may take 6-9 months or more) a Patent Examiner will review the application and write a letter (called an Office Action) commenting on it. The First Office Action often is a refusal to

grant the patent, and the applicant then has an opportunity to modify the application to overcome the Examiner's objections.

With the inventor's help, the patent attorney will reply in writing to the Office Action, usually making some changes and arguing that others are not necessary. Typically, at least two such exchanges between Patent Examiner and attorney are necessary to resolve all the legal and technical issues. In general, it now takes an average of about 18-22 months from filing to complete the examination process. During this period the application is kept secret, i.e., only Government personnel and persons authorized by the inventor are permitted to examine the file.

When the Examiner is satisfied that the application is in proper form and its claims are allowable, the applicant is notified that a patent will be granted upon payment of final government fees. In order to keep the patent in force until it expires it also is necessary to pay progressively higher maintenance fees at 3 1/2, 7 1/2 and 11 1/2 years after the original grant.

While the patent grant makes the information in the application available to the public, the inventor has the right to prevent others from making, using or selling what is claimed for as long as the patent remains in force.

II. Trademarks

Brand names, a synonym for trademarks and service marks, are important intellectual properties upon which the public learns to rely to identify a source and a standard of quality of the products or services it purchases. Trademarks and service marks are words, phrases, designs, sounds or symbols. They are used on or in association with goods and in association with services to be performed.

The public learns, through purchasing experience, that the goods or services bearing a mark come from a single (but possibly anonymous) source and will meet an expectation of a standard of quality that the goods or services sold under the mark have met in the past. This predictability of a level of quality and reassurance of a known source provides the owner or user of the mark with the benefit of good will held by the public for the product or service that he offers. This goodwill is often the cornerstone of the owner's business.

Trademark rights arise in one of two ways: either by filing a mark with the United States Patent and Trademark Office based on a bona fide intent to make use of the mark on a product or in association with a service that will soon be offered to the public, or by actually using the mark in commerce on a product or in association with a service.

Under the federal law, an application for registration may be filed based on actual use of the mark or a bona fide intent to use the mark in commerce. The filing date of an application with the United States Patent and Trademark Office to register a trademark or service mark which the applicant intends to use on a product or in association with a service establishes a date of constructive use of the mark. The act of filing the application, therefore, through constructive use, can create a nationwide priority of rights in the mark against any other person who subsequently adopts the same or a confusingly similar mark.

The intent to use the mark must be a bona fide intention or the application may be invalid and the applicant may be subject to certain penalties for filing a fraudulent claim of intent. The constructive use provided by the filing of the application claiming an intent to use the mark is contingent upon the mark ultimately issuing as a federal registration. The federal registration will be issued only after the applicant has made actual use of the mark on the goods or in association with the service that it claims to have intent to use when the filing takes place.

Actual use of the mark must be made within six months of the time that the Trademark Office issues a notice of allowance of the mark after the application has been filed, although that period may be extended up to thirty months in appropriate circumstances. When use is made and the federal registration issues, the owner's rights in the mark are superior to all who have adopted the same or a similar mark for the same or a similar product or service subsequent to the filing date of the owner's application.

Obtaining a federal registration based on the bona fide intent to use the mark or based on the actual use of the mark provides significant advantages. Among these advantages are the following:

1. Federal registration confers the benefit of nationwide constructive use and, thus, a right of priority, over all subsequent users or filers, as of the application filing date.

2. Registration is constructive notice; it prevents acquisition of common law rights by innocent adoption and use of the same or a similar mark by another.

3. A certificate of registration creates a legal presumption and is sometimes conclusive evidence of the registrant's right to exclusive use of the mark and the validity of the mark's registration.

4. Registration permits the use of the " " symbol or other statutory designations of registration.

5. Goods bearing a mark which infringes on a registered mark may be excluded from entry into the U.S. by recordation with the U.S. Customs Service.

6. Registration furnishes the basis for foreign registration under a treaty known as the Paris Convention.

Those who make use of trademarks or service marks without filing for federal registration can obtain exclusive rights in those marks in the market in which the marks are used, if the use is prior to the filing date of any federal registrant or any other user in that market of a confusingly similar mark. This market may be small, i.e., a town or part of a town, or large, i.e., the entire United States. A wider area, referred to as the "zone of natural expansion," may also be granted to the prior user if it can be shown that there were plans to expand before a junior user entered the market.

An application for a federal registration of a trademark or service mark filed in the United States Patent and Trademark Office is examined by government attorneys to ensure that the mark is not likely, when used on or in connection with the goods or services of the applicant, to cause confusion, or to cause mistake, or to deceive the consuming public that the goods or services bearing the mark have the same source, origin or approval as those sold under a previously registered mark which has not been abandoned or canceled. The Examiner also makes a determination that the mark is not inherently incapable of performing the identification function of a mark because, for example, it is the generic word for the product or service with which it is used or because it is descriptive of the products or service with which it is used.

Federal trademark registrations are valid for ten years and can be renewed for like periods, provided the mark is constantly used. Failure to use a mark can cause the rights in the mark to be lost. Such abandonment of the mark causes the mark to lose its significance to the public as an identification of a single source and a standard of quality.

The use of the registration symbol with a mark indicates that it is federally registered. The symbol TM is often used with unregistered trademarks to give notice to the public that the user is staking out a claim in the symbol as a trademark, but such use is optional. The symbol SM may similarly be used to designate a unregistered service mark.

Because trademarks and service marks can be licensed, they are a primary basis for the franchising industry in the United States. The public comes to learn to expect a certain quality standard from every facility, a fast food restaurant chain for example, that bears the same name or service mark. As long as the mark's owner maintains the same quality standards for each of the facilities bearing its name, it can license the use of the name to many people.

Finally, there are special types of marks known as collective marks or membership marks which identify organizations and their members and certification marks which are used to identify the fact that a product or service meets a certain acceptable standard, e.g., GOOD HOUSEKEEPING SEAL.

III. Copyrights

Copyright is a statutory property right which grants to creators (authors) certain exclusive rights in their creations for a limited duration. Its purpose, as expressed in the Constitution, is to promote the Progress of Science and useful Arts by providing economic incentive for creative activity.

Copyright protects intangible original works of authorship which are fixed in a tangible medium of expression. Put another way, copyright protects the expression of ideas, but not the ideas themselves. Copyright protects works such as books, pictorial, graphic and sculptural works, music, photographs, movies and computer programs.

Copyright is often described as a bundle of rights, which include the right: (1) to reproduce the copyrighted work; (2) to make derivative works (such as a movie from a novel); (3) to distribute copyrighted works to the public; (4) to perform, publicly, certain works (such as music); and, (5) to display, publicly, certain works (such as paintings).

Copyright arises upon creation and, under current law, endures for the life of the author plus 50 years. (The term of copyright for works created before 1978 is 75 years.) Copyright applies to both unpublished and published works.

Registration of a copyrighted work with the Copyright Office in Washington, D.C. is not required for existence of the copyright; however, it is a prerequisite to a lawsuit for copyright infringement and to certain legal remedies.

Copyright registration is simple and inexpensive. The registrant (who may be the author, including an employer or other person for whom a work made for hire was created, or a person or entity which has acquired the copyright) completes a printed form provided by the Copyright Office and returns it to the Office with a small fee and copies of the work. Transfers of copyright ownership (including exclusive licenses) must be in writing to be valid.

The familiar copyright notice is no longer required on copies of works published after March 1, 1989. However, it is still in The Copyright Owner's interest to place a copyright notice on publicly distributed copies of published works. The notice should include the copyright symbol () or the word "Copyright" or its abbreviation (Copr.), followed by the year of first publication of the work and the name of the Copyright Owner.

In summary, it is important to realize that patents, trademarks, and copyrights constitute the basis on which the underlying intellectual property may be protected in law. It is therefore important that a great degree of skill be

exercised in drafting the documents and following the procedures necessary for obtaining this protection. By relying on a specialist in the field who has good standing and recognized ability in his profession, the inventor or artist can be assured that the intellectual property will be adequately protected.