

IDENTIFYING INTELLECTUAL PROPERTY FOR THE SMALL BUSINESS OWNER

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What is intellectual property?

- The protection of ideas
- IP = Idea Protection
- Originates from U. S. Constitution — “To Promote the Progress of Science and useful Arts”

Why is it important?

- Advances human enjoyment.
 - Music, art, writings, innovations.
- Intangible corporate assets—\$\$\$\$.
 - Licenses.
 - Royalties.
 - Trading chips.
- Provides Protection from competitors.
- How to go about protecting it?
- First step = identification.

Tangible assets

Identify and inventory.



Intangible assets

Difficult to identify.



Types of IP

- Copyrights
- Trademarks & Service Marks
- Trade Secrets
- Patents
- Contracts

Often one or more can be used.



Software example

- Copyright.
 - Code itself.
 - Structure, sequence, organization.
- Trademark—the name.
- Patent—the process.
- Trade Secret—keep the source code secret.
- Contracts:
 - Assignments—with contributors.
 - Licenses—with users.

IP owners:

Wide range of businesses

- Restaurants – TM - Brand; TS – formulas; employee agreements.
- Ad agencies – © ads – TV, audio, “contests.”
- Government – SPACE CAMP; agency programs – D.A.R.E.
- YMCA, Boy Scouts, Arts Council, etc. – programs, education.
- Auto dealers – copyright, tm, tag lines.
- Radio stations – call letters; DJ persona.
- Musicians, authors, artists, publishers, bands.
- Content-providers – web sites, authorship, free-lancers.
- Food products – marks; labels; distributor agreements.
- Manufacturers – TS; inventions; trade dress; joint development agreements; indemnity.

Types of IP

- Trade Secrets
- Patents
- Copyrights
- Trademarks



Trade secrets

- Think : “trade” PLUS “secret.”
- Information used in trade or business. Has significant economic value.
- Included in formula, pattern, compilation, computer software, drawing, device, method, technique, or process.
- Has significant economic value.
- Not publicly known.
- Not generally known to trade or business.
- Can't be derived from publicly available sources.
 - **Has been subject to efforts to keep it secret.**

Trade secret examples

- Software source code.
- Vendor and supplier information.
- Production or process information.
- Cost and price data.
- Specifications.
- Production know-how.

How to keep it secret?

- Visitor logs.
- Secure spaces.
- Need to know.
- Shredding discipline.
- Garbage.
- Cleanse old computer hard drives.
- Markings.
- Don't release outside company.



Types of IP

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Patents

- What is a patent?
- A patent is the right to exclude others from making, using, selling, or offering to sell the patented invention during the term of the patent.



Patents

- What a patent is NOT:
 - A patent is not the exclusive right to practice (make, use, or sell) the patented invention.
 - In some cases, such as with improvement patents, you may need a license from others to practice your own invention.

What is patentable?

- “Any new or useful process, machine, manufacture, or composition of matter, or any new and useful improvement therefor.”
- New, useful, nonobvious.



What is NOT patentable?

- Laws of nature, natural phenomena, purely mathematical algorithms, abstract Ideas.
- Becoming more difficult to protect business methods and “software” driven applications.



Why seek a patent?

- Exclude others. Without patent, others can copy with impunity.
- Secure financing or funding.
- Joint ventures or joint development.
- Royalty revenue.
- Cross licensing.
- Premium value when selling company.

Patents

- Applies to activities only in United States.
- Patent protection is available in other countries.



Important notes about patents

- File before disclosure if possible.
- DO NOT attempt to file a patent yourself.
- Beware of invention and patent marketing services.
- Hire a qualified patent attorney.
- Mark products with “Patent Pending” after filing.
- After issuance, mark products.
 - Example: “U.S. Patent No. 6,123,456.
 - Failure to mark could limit recovery.
- Significant savings if inventor can provide full disclosure.

When should you seek a patent?

- Patent Application should be considered when a change is made to a product or process to—
 - Solve a problem.
 - Make an improvement.
 - Increase efficiency.
- Invention may be an improvement on another party's product, even if that product is already patented.
- Complexity of an invention DOES NOT equate with the value of a patent.

Patenting process

- File Application with USPTO (provisional or non-provisional).
- Can expedite with fees.
- Office Action in 1 to 3 years.
- Response.
- Often initial rejection.
- Complete process 2 to 4 years.

Design patents

- For ornamental features.
- Important, unique, and worthy of separate protection.
- Examples:
 - Furniture.
 - Jewelry.
 - Christmas ornaments.

Patents

- The most substantial reform of U.S. patent laws in over 50 years.
- U.S. moved from a first-to-invent system to a first-to-file system.
 - First true inventor to FILE will be awarded the patent rights.
- The AIA retains an inventor's one year personal grace period for filing an application after disclosure, if the public disclosure:
 - Was made by the inventor.
 - Was made by a third party that obtained the information from the inventor.
- BUT no grace period for a third-party disclosure of an independently created invention.
- No grace period for most foreign countries.

Types of IP

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Copyrights

- Subject matter:
 - Works of original authorship.
 - Fixed.
 - In a tangible medium of expression.
 - From which they can be perceived, reproduced, or otherwise communicated.
 - Directly, or with the aid of a machine or device.

Copyrights

- Works of authorship include:
 - Literary works.
 - Musical works.
 - Dramatic works.
 - Pictorial, graphic, sculptural.
 - Motion pictures and other audiovisuals.
 - Sound recordings.
 - Architectural works.
 - Software.

Copyrights

- Books.
- Sheet music.
- Recordings of musical performances.
- Software.
- Company brochures.
- Employee training guides.
- Marketing plan.
- Audiovisual display.
- Website.



Copyrights

- Exclusive rights include:
 - To reproduce.
 - To prepare derivative works.
 - To distribute copies.
 - To publicly perform.
 - To publicly display.
- Inexpensive: \$35-55 electronic filing fee.

Copyrights

- Term of protection:
 - Starts at moment of authorship or creation.
 - For individual author—life, plus 70 years.
 - For corporation—lesser of:
 - 95 years from publication or
 - 120 years from creation.
 - Registration NOT required for vesting.
 - Registration IS required for bringing suit.

Copyrights

- Winning plaintiff—potential attorney fees.
- Statutory damages:
 - \$750 to \$30,000 per work.
 - Up to \$150,000 if “willful infringement.”
- Customs impounding of infringing goods.

Copyrights

- Employment issues:
 - Employee authorship—in line and scope.
 - “Author” is the employer.
 - Employer owns the copyright rights.
 - Independent contractor author.
 - Independent Contractor owns the copyright rights, unless otherwise agreed in writing.

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Trademarks

- VERY important right.
- Brand identity – market niche protection.
- Reduce clutter. Prevent confusion. Distinguish.
- Relatively inexpensive to protect (compared to patent protection).
- Work well across borders, cultures, and languages.
- Long-term protection while in use. (QUAKER – 1895)
- Provide value for expansion beyond core business.
- Assigned, pledged, licensed.
- Registration is important.

Trademarks

- Indicates **source** of goods and services.
- Word, name, symbol, device, sound, color.
- Used to distinguish your goods and services from those sold by others.
- Brand identity.

Trademarks

- POWERFUL.
- Trademarks as full words—well known.
- BUT can a single letter serve to identify a particular product, to a consumer?



A = All detergent

C = Campbell's soup

E = Eggo waffles

G = Gatorade drink

I = Icee drink

K = Kool aid

M = M&M candy (peanut)

O = Oreo cookies

Q = Q-tip ear swabs

S = Starburst candies

U = Uncle Ben's rice

W = Wisk cleaner

X = X-14 cleaner

B = Bubblicious gum

D = Dawn detergent

F = Frito Lays

H = Hebrew National
Franks

J = Jello

L = Lysol cleaner

N = Nilla wafers

P = Pez candies

R = Reeses cup candies

T = Tide detergent

V = V-8 drink



Trademarks



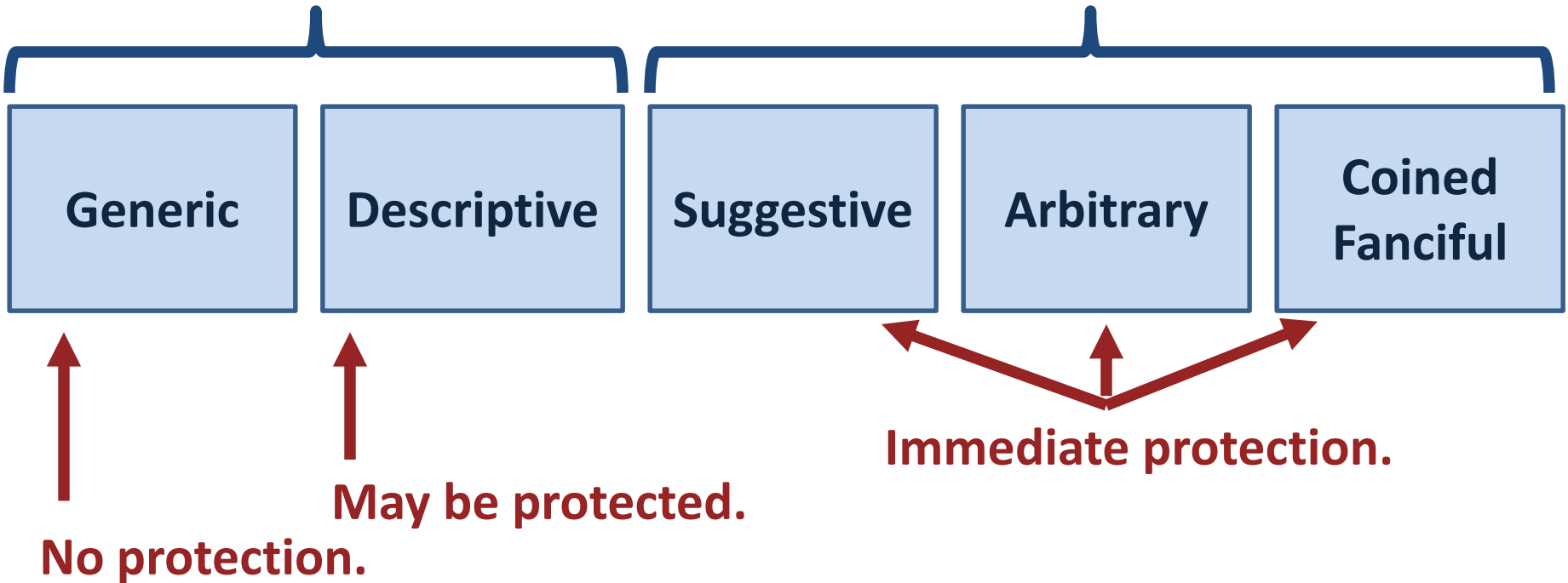
Trademarks

- Music, sounds, voice, scent.
- 3,034,331 – McDonald’s – “I’m lovin’ it.”
- The notes A B C E D.
- 2,315,261 – Intel – Intel inside.
- The notes D FLAT, D FLAT, G, D FLAT and A FLAT.

Trademarks

Notice Critical (SM, TM, ®)

Notice Beneficial (SM, TM, ®)



Trademarks

- **Generic**—common names not capable of exclusive ownership (pizza, house, automobile).
- **Descriptive**—describe a characteristic, element, function, of the product.
 - Very Weak. But inexpensive to put in use.
 - Not protectable till acquire "secondary meaning" in consumer's mind. "So associated with the product that it identifies the source of the product and distinguishes the product from those of others." *Jeld-Wen v. Dalco Industries* (8th Cir. 11/10/99).

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Trademarks

- **Suggestive**—suggest something about the product, but do not describe it. Requires imagination, thought, and perception.



- **Arbitrary**



Trademarks

- Term:
 - Potentially perpetual.
 - Must continue to use.
 - Must exercise control over quality of goods or services.
- Must police infringement:
 - “Dead” marks include Dry Ice, Yo Yo, Cube Steak, Escalator.

Trademarks

- Infringement: **Likelihood of confusion** as to source or sponsorship between two marks:
 - Many factor test.
 - Similarity of marks*.
 - Similarity of goods or services*.
 - Strength of mark.
 - Similarity of channels of trade.
 - Sophistication of purchasers (Lexus vs. Lexis).



Trademarks

1. Select—brainstorm, differing “strengths.”
2. Search—clearance, “knockout,” full name.
3. Register—federal, state, pharma.
4. Use it.
5. Police—keep track of others’ use.
6. Broaden—international market needs? Logo? Design? Tagline?
7. Maintain—perpetual, 5 to 6 year, renewal, \$\$.

Trademarks

■ Common mistakes:

- Failure to search before selection.
- Failure to register.
- Failure to obtain domain or obtain domain but not mark.
- Assumption ad agency “cleared” mark.
- Selecting a “weak” mark.
- Not obtaining assignment of rights to artwork, logo, or design from artist or agency.

Questions?

