

AN AUDIT WORTH SOLICITING

Innovation and creation spurs the economy, as well as individual businesses' bottom lines. Protecting these creations should be a priority with any company. An intellectual property audit can help determine what should be protected.

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Article 1, Section 8, of the U.S. Constitution grants Congress the power “to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” Beginning with these simple, yet powerful words, the United States, through various acts of Congress, became the richest and most innovative country in the world. Our founding fathers obviously knew the importance of innovation, science and art.

So how does this relate to today's struggle in a crippled global economy? And what does this mean for technology businesses? Now, more than ever, technology businesses need to focus their efforts on innovation and creation — not just cutting costs and consolidating production. Businesses need to understand the various mechanisms by which they may protect the most valuable asset they possess — the ingenuity of their employees, principles and contractors. This ingenuity is typically classified into four major types of intellectual property (IP): patents, trademarks, copyrights and trade secrets.

But unfortunately, some businesses don't realize how much intellectual property they have — or that it is unprotected. Not protecting your IP assets has been compared to keeping your money under your mattress, something no successful business would do.

Hence, the rationale for an IP audit, which resembles taking an inventory.

To conduct an IP audit, a business first identifies all patentable subject matter generated by its employees and principles. A patent is a government-granted monopoly on the use and sale of an invention. In the United States, a patent grants the right to exclude others from making an invention; from using, selling or offering it for sale; and from importing it into the United States. Patents are not only available for devices, but also for methods, procedures, processes, techniques, software and many more items. To



Mark Bledsoe

be patented, an item must be new, useful and non-obvious. Most technology businesses have generated, or are generating, patentable subject matter.

In conducting an IP audit, a business should ask the following questions: Was a patent application filed? If not, is it too late to file one? Is the invention possibly worth the thousands of dollars that it will take to protect it? If an application has been filed, what is its status? Is it too late to apply for a foreign patent? Perhaps more important, a business needs to determine who owns the patentable subject matter, and whether the agreement with an employee, contractor or other party in a joint venture addresses ownership issues.

Second, a business should identify the various trademarks and service marks that it uses for the goods and services it offers. Trademarks and service marks allow businesses to increase brand awareness and customer loyalty, sell their products and services at a higher profit, and expand into national and international markets. But a mark's value not only depends on the business' effort to promote the mark (through advertising, for example), but also on its efforts to protect the mark. The owner of a federally registered mark can exclude others from offering similar goods and services

under a mark that is likely to cause confusion in the marketplace. In this way, the business protects its brand.

Once a business has identified the various marks and slogans used, it should ask the following questions: Has the mark been federally registered? Is the mark appropriately marked with ® or TM? Are there any changes to the goods and services sold in connection with the mark? Has a watch service been employed to police the use of similar marks?

Third, a business should examine works of authorship that may be protectable by copyright law. The 1976 Copyright Act protects an author's right to make money from his or her works by selling copies of the work, reproducing the work, preparing derivative works, publicly displaying and publicly performing a work. Copyright protection is available for books, manuals, software, web sites, music, house plans, audiovisual displays, and more. When conducting an IP audit, a business should consider whether to federally register copyrightable works of authorship to obtain the benefit of federal registration — namely, the availability of statutory damages (up to \$150,000 for willful infringement) and attorney fees.

Finally, a business using any secret methods, formulas, processes (including software) or compilations (including lists of customers) should ensure these items are adequately and appropriately maintained as trade secrets. Under Alabama law, a trade secret is defined as an item or process (a) used in a trade or business, (b) not publicly known or readily ascertainable, (c) subject to reasonable efforts to maintain its secrecy, and (d) that has significant economic value. An IP audit will review the technology and procedures for each element of this definition to confirm the existence of trade secrets and to maintain their protection.

Although only the four major categories of IP have been discussed, there are many other areas businesses should explore when conducting an in-depth IP audit — for example, IP rights under government contracts and confidentiality agreements. An IP audit gives a business a comprehensive understanding of its IP assets that can solidify its place at the forefront of technological innovation and business success.

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LOCATION. LOCATION. LOCATION.

Auburn Research Park is Alabama's newest university-affiliated research park and is a partnership of Auburn University, the State of Alabama, and the City of Auburn. An environmentally sustainable development, the park is a mixed-use campus designed to drive economic development through entrepreneurship, innovation, collaboration, and commercialization. The Carnegie Foundation has classified Auburn as a university with "high research activity" and park tenants benefit from its technology transfer and business development expertise. The 156-acre site features a phased build-out of approximately 1 million square feet of office and lab space. As a testament to the favorable business climate of the region, the Auburn-Opelika area was recently named by Inc.com as the fifth best city in the nation for doing business. And on the quality of life scale, the area ranks high for renowned schools, abundant outdoor activities, economical cost of living, and as a safe, friendly small town. From the unrivaled golf of the Robert Trent Jones Golf Trail to numerous cultural events, everyday life is exceptional here.

AUBURN RESEARCH PARK

Contact Dr. John Weeta, Executive Director, at weetajd@auburn.edu to request more information about the park and how your company can call it home.
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