What is Intellectual Property?

Tangible creations of the mind which federal, state, and international laws protect by granting the creator ownership rights in the created assets.
Four Branches of Intellectual Property Law

- Patent
- Trademark
- Trade Secret
- Copyright
What does each area of IP protect?

- **Patent**: “inventions” – apparatus, process, business method, new material composition

- **Trademark**: words and symbols used to identify the source of goods or services. Think “brand.”

- **Trade Secret**: secret information that gives the owner a competitive edge.

- **Copyright**: creative expressions ranging from text and video to music, paintings, and even software code.
Patents
How do you get a Patent?

- Must have a patentable idea
  - *New*
  - *Useful*
  - *Nonobvious*

- Must “reduce invention to practice”
  - either actual – by making prototype
  - or constructive – by filing a patent app that will allow someone skilled in the art to make your invention
Types of Patents

- **Utility**: a new and *useful* process, machine, article of manufacture, or composition of matter.

- **Plant**: invention and asexual reproduction of any distinct and new variety of plant.

- **Design**: new, original, and *ornamental* design for article of manufacture.
If you file for a patent . . .

• You are entering an agreement with the United States Patent Office:
  
  **FULL DISCLOSURE**
  
  in exchange for
  
  “**MONOPOLY**” of rights
  
  ➢ 20 years for utility and plant patents
  ➢ 14 years for design patents
What Rights does the limited “monopoly” give you?

• The right to **exclude** others from
  – making,
  – using,
  – offering for sale, or
  – selling the invention in the USA

• The right to **prevent** others from importing the invention into the USA
Hey, what about success??

- **Not a GOLDEN TICKET**
- A Patent gives you
  - the **LEGAL GROUNDS** to **STOP** someone else from making your invention,
  - **Not** a period in which you are guaranteed to **MAKE MONEY**!
Success Comes through Having a Good Business Plan

• The Patent can protect your core technology
  ➢ Manufacturing?
  ➢ Licensing?

• Know your market!

Sail Reefing Machine
So how long does it take and much does it cost?

- Utility and Plant Patents:
  - Prior Art Search: $2k-$5k (recommended)
  - US: 3-4 years, $8k - $30k
  - Global: 3-7 years, up to $100k

- Design Patents:
  - 1-2 years, $1k-$2k
Trade Secrets
What is a Trade Secret?

- Confidential information
- Secret Processes
- Secret Recipes
- Secret Formulas
- Secret Methods of operation
- Secret Systems of operation
  - which you **protect** and regard as **proprietary** and
  - which give you a **COMPETITIVE ADVANTAGE**.
Famous Trade Secrets
How can I protect a Trade Secret?

How?
- Labeling documents
- Secure facilities
- Nondisclosure and confidentiality contracts
- Confidentiality procedures
- Employee training

No federal registration process for trade secrets!

You need to keep it SECRET!
How much do Trade Secrets Cost and how long do they last?

• Both are up to you:
  - Cost is a business decision
  - Duration is a business decision
    - Trade Secrets last as long as they are kept secret

The cost of protecting a trade secret and the duration of a trade secret are determinations made by the owner.
Copyrights
What is Copyright?

Copyright is a property right in a work of creative expression, ranging from a brochure, to music, to video, to software.

Copyright law protects the integrity of a work and provides grounds for enforcing ownership rights against unauthorized uses or sale of the work.
The Purpose of Copyright law

Constitutional Origin – Article I, section 8:
Copyright is a Congressional 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”

Balancing Policy:
Individual rights and the Public Domain –
The needs of the many and the needs of the few, or the one
Works of Creative Expression that are Copyrightable

- Textual works (fiction and non-fiction)
- Photographs
- Pictorial and Graphic artworks
- Choreography
- Software code (source and object code)
- Sculptural works
- Film and video
- Sound recordings
- Multimedia
- Websites
- Architecture
- Architectural Plans
Qualifying for Copyright Protection?

To be copyrightable, a work –

- Must fall within a categorical type recognized by Congress as copyrightable.
- Must be “fixed in tangible medium.”
- Must have at least a minimum amount of creativity – the threshold is low. It does not need to be “good.”
If a work qualifies for copyright, how long does the protection last?

- **Individual author:**
  until 70 years after death

- **Corporate author:**
  for 95 years after publication, or
  for 120 years after creation, whichever expires first.
What does it mean to own a copyright?

It means you own five separate rights:

- Right to copy or reproduce
- Right to distribute or publish
- Right to display
- Right to perform (if applicable)
- Right to make derivative works
How do I become a copyright owner?

Ownership rights are created when the finished work is fixed in a tangible medium.

♦ Ownership rights arise in the individual author / creator, unless –
  • An agreement transfers ownership upon creation; or
  • Work is corporate asset created by an employee.

♦ Registration is not required for ownership. But registration gives you additional rights and powers.
Copyright Registration Benefits

◆ If you want to sue someone for copyright infringement, you need to register *first*. So, better sooner than later:

  • Normal online filing fees at USCO:
    $35 for work by an individual
    $55 for work by corporate entity.
Copyright Registration Benefits

♦ If the infringement occurs after registration, the copyright owner can request statutory damages.
  • $750 to $30,000 per act
  • Can be increased to $150,000 per act if court finds infringement was “willful”
Copyright Registration Benefits

◆ If the infringement occurs before registration, the copyright owner only qualifies for --
  • actual damages suffered, and
  • infringer’s profits
  
  → Difficult and costly to prove!
  
  → Plus, you still have to register before you can file suit to enforce your copyright!
Copyright Registration Benefits

♦ Registration increases the value of the registered work as an asset of your business.
  – Joins your line item intangible assets
  – More easily appraisable
  – Looks better to banks when you seek loans
  – Increases overall value of business in sale or merger circumstances
So, Copyright Registration . . .

Is an inexpensive investment which increases the value of the asset and provides a powerful enforcement tool.
Trademarks
What is a Trademark?

- a word, phrase, or symbol (or combinations)
- which serve to indicate the source of goods or services, and
- distinguish those goods or services from others in the marketplace.
How can I become a Trademark Owner?

- The first person to use a mark in commerce is considered to be the owner of the mark.

- Registration is not a requirement for trademark ownership.
  - Registration enhances ownership rights but does not create them.
What?!
You’re saying that I don’t have to register a trademark to own it?

But that’s counter-intuitive!

Ok, so why bother?

That’s right.

Yes, but good policy.
Some well known trademarks
Common Law Trademarks

• Unregistered common law marks are enforceable
  ➢ under federal Lanham Trademark Act
  ➢ under state unfair competition laws.

• Use “TM” with common law marks to indicate
  ➢ That word, phrase or symbol is in fact a trademark, and
  ➢ That you exert proprietary ownership of mark
  ➢ To create consumer awareness of the mark
® Benefits of Federal Registration ®

- “Prima facie” evidence of ownership of mark.
- Presumption of exclusive rights nationwide.
- Can prevent federal registration of similar marks.
- Federal Court Jurisdiction for disputes
- Increase the value of the trademark asset
- Easier to attack cybersquatters
- Easier to license (for merchandising, etc.)
- Can use the ® symbol with mark!
Ok, how much does it cost and how long does it take?

• Approx $900 - $2500 to obtain Federal Registration in one class of goods or services
  o Includes *Searching* and filing app
  o Official filing fee $225-$325

• 12 – 15 months from filing to registration
How long does a Federal Registration last?

- Federal registration = 10 yrs
  - Sixth Year Affidavit of Continuing Use
  - Can renew in 9th year for 10 more years
  - Can be renewed every ten years ("forever") as long as mark is in use in commerce
How long can trademarks last?

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Discussion
Scenarios
Scenario #1

• My grandmother, an amazing self-taught pastry chef, recently passed away.

• She bequeathed to me her pie crust recipes, which she wrote down but never showed to anyone else.

• I want to start a bakery business in honor of her and inspired by her.

➤ Should I copyright the recipes?

➤ Can I brand it “Grammie Helgison’s Awesomely Delicious Pies”?
Scenario #1 discussion

• Copyright protection not available
  – The ingredient components of recipes are functional and do not qualify
  – Descriptive portions may be copyrightable

• Classic trade secret scenario
  – Make recipes the core business assets
  – Put procedures in place to preserve secrets: employee training, etc.
Scenario #1 discussion (cont.)

- Trademark issue: “descriptive mark”
  - Probably will be refused by USPTO because it describes the goods and is “laudatory”

- Spectrum of distinctiveness:
  - *Fanciful*: Kodak, Häagen-Dazs
  - *Arbitrary*: Nike, Apple
  - *Suggestive*: Google, ArmorAll, Kleenex
  - *Descriptive*: Holiday Inn, Windows
  - *Generic*: Chair for furniture, Apple for apples
    - Generic terms cannot function as marks
Scenario #1 discussion (cont)

• May be registrable, but may have to amend application to Supplemental Register
  – **Principal Register**: inherently distinctive marks
  – **Supplemental Register**: descriptive marks capable of acquiring distinctiveness

• After five years of continuous use, can take advantage of statutory presumption of acquired distinctiveness and refile for registration on Principal Register
Scenario #2

I am a mystic, and I am partnering with a yoga instructor and a psychologist to develop an online corporate culture training curriculum focused on spiritual wellness, physical fitness, and compassion awareness in the workplace, all with the goal of increasing productivity.

➢ Can we patent our idea?
Scenario #2 discussion

• Patent protection for business method or software process?
  – Need to consult patent attorney for state of eligibility after recent Sup.Ct. decisions
  – Lack of clarity in the field creates risk.
  – Focus resources on building business instead of defending against infringers

• Is copyright protection a possibility?
  – Yes, but a joint ownership agreement will probably be needed.
Scenario #3

- My colleague, a perfume expert, and I have spent 30 years working for Revlon and now we want to use our expertise to start our own B2B cosmetics consulting firm.
- We want to hire college grads with energy but not experience to do the legwork.

What should we do to protect ourselves?
Can we name the company and the services “EXREVLONERS CONSULTING”?
Scenario #3 discussion

• Trade Secret Issues on Revlon Departure
  – What does employment agreement say?
    • Trade Secrets owned by Revlon?
    • Non-compete provision? B2B okay?
    • Customer lists and contacts?

• Trade Secret Issues for new employees
  – Procedures, security, employee training

• Trademark issue
  – Trading off of Revlon’s goodwill
  – Infringement concern
Scenario #4

○ With a handshake, I hired an artistic web designer to build a site for my startup. He created lots of unique graphics to give my website a unique look and feel.

○ I paid him for his work.

○ Six months later, I saw the same unique graphics on another website!

○ Can I sue him and get my money back?
Scenario #4 discussion

- Very common copyright problem
  - Need written assignment agreement
  - Specific copyright conveyance language must be included or copyright remains with the creator

- Avoid “work made for hire” language
  - Unless applicable – very specific! ask atty!
  - Must (1) be in writing, (2) say “work made for hire”, (3) be signed by both parties, (3) before work is done.
Scenario #5

• My husband and I are avid runners, and we have developed a new athletic shoe sole that prevents knee injuries.
• Six months ago, we prepared and filed a provisional patent application for our invention.
• I just happened to see that Google has a patent search tool, and when I searched for “shoe sole patents”, I got over 2 million hits.

▶ Does this mean our patent application will be rejected?
▶ What should we do now?
Scenario #5 discussion

• Talk to patent atty to determine options!
• Twelve month deadline for filing your non-provisional application cannot be extended!
And . . . feel free to contact the SURGE group with questions.

Steven E. Helland  
shelland@fredlaw.com  
612.492.7113

John C. Pickerill  
jpickerill@fredlaw.com  
612.492.7306

www.fredlaw.com