

HOW CAN YOU PROTECT NEW IDEAS AND PRODUCTS?

- The field is called "Intellectual Property."
- The types of Intellectual Property are:
 - ▶ Patents (sometimes called "Utility Patents")
 - ▶ Plant Patents
 - ▶ Design Patents
 - ▶ Industrial Designs
 - ▶ Copyrights
 - ▶ Mask Works
 - ▶ Trade Secrets
 - ▶ Trademarks

WHAT ARE THE PRIMARY SOURCES OF INTELLECTUAL PROPERTY LAW

- **U.S. Constitution**
- **Federal Statutory Law**
- **State Statutory Law**
- **Common Law**

WHAT ARE THE LEGAL RIGHTS IN INTELLECTUAL PROPERTY?

- Patents, Copyrights and Trademarks are **intangible personal property**
- Trade Secrets are sometimes considered personal property, sometimes not
- Intellectual Property can be owned and sold, licensed and mortgaged, just like any other property
- Intangible means not tangible. Stocks, bonds and CDs are other examples of intangible personal property. TVs, cars and jewelry are examples of tangible personal property.

WHAT ARE THE BEST WAYS TO PROTECT A NEW IDEA?

- **Patent** - If a good Patent can be obtained, with broad claims, this is best
- **Copyright** - If software is involved, a Copyright may provide limited protection of ideas.
- **Trade Secrets** - Trade Secrets can be obtained and maintained with minimum -- but anyone else can independently develop the idea and, if the idea becomes public knowledge (as when a product disclosing the idea is sold), the Trade Secret right is lost.
- **The best protection is a combination of the three, if available.**

WHAT IS A PATENT?

- An Exclusionary Right granted by a government to a new, useful and unobvious invention for a limited period of time.
- An Exclusionary Right means the right of a Patent owner to exclude others from making, having made, offering for sale, selling, using or importing any Infringing product or process.

WHAT CAN BE PATENTED?

- Any new and useful:
 - Composition (chemicals and minerals)
 - Machine
 - Article of manufacture (manufactured product)
 - Process (for making or using a product)

HOW DO YOU GET A PATENT?

- First determine if an invention has been made. This is called a patentability search.
- Consider if the "Prior Art" anticipates or renders obvious the invention. Prior Art means the patent applications, publications and products which **precede** an invention or patent application and may be relied on to invalidate or limit a Claim.
- A patent attorney then prepares and files a patent application on the invention with the U.S. Patent and Trademark Office.
- A Claim is a numbered paragraph in a Patent which verbally defines the legal rights protected by the Patent. Writing good Claims is an important skill of a Patent Attorney.
- The patent application contains multiple Claims written by the Patent Attorney to describe the invention in different ways. Some Claims are very broad and thus are less likely to be valid. Some Claims are narrow and thus are more likely to be valid, but less likely to be valuable.
- The PTO (after about a year) issues an Office Action, usually rejecting specified Claims as unpatentable over specified Prior Art.

HOW DO YOU GET A PATENT? (part 2)

- If the Prior Art is substantially identical to the Claimed invention, the Claims are rejected by the patent Examiner under 35 U.S.C. §102 (the invention was made previously by someone else)
- If the Prior Art is not substantially identical to the Claimed invention, the Claims may be rejected by the Patent Examiner as being "obvious to a person having ordinary skill in the art to which the invention pertains," 35 U.S.C. §103, and therefore not patentable
- The Patent Attorney then prepares and files in the PTO an Amendment, in response to the Office Action. The Amendment may modify Claims to clarify their distinction from the Prior Art. The Amendment will also contain the Attorney's arguments why the Claims are patentable over the Prior Art.
- This back and forth of Office Actions and Amendments can continue for about two or three years. Then the Patent is either granted (issued) or "finally rejected," so that appeals are required.
- Although a patent application may be licensed when it is pending, infringement may not occur until the Patent is issued.

WHAT ABOUT FOREIGN PATENTS?

- Under the Paris Convention, a treaty to which almost every commercially significant country belongs, a patent application filed in foreign countries within one year after the home country filing date, is given the benefit of the home country filing date.
- Foreign patents are relatively expensive to obtain and maintain, because of the number of countries involved. These fees can be deferred by filing under the Patent Cooperation Treaty.
- The United States patent statute has a one year grace period between the sale, commercialization or public description (in literature) of the invention and the deadline for filing a U.S. patent application. A patent application may not be filed after the one year grace period.
- There is no such grace period in almost all foreign countries, so that care must be taken to avoid any commercialization or publication that could destroy foreign rights completely. Once the U.S. patent application is filed, under the Paris Convention, foreign patent applications filed within one year have the benefit of the U.S. filing date.

WHAT IS A TRADE SECRET?

- A Trade Secret is any valuable business information (technical, financial, marketing) that is treated as secret and is learned as a result of a protected relationship (employee, consultant, etc.) Although Patents and Copyrights are governed by Federal law, a Trade Secret is governed by State law.

WHAT TYPES OF INFORMATION CAN BE PROTECTED AS A TRADE SECRET

- Engineering
- Financial
- Marketing
- Software
- Any other business information that provides a competitive advantage

HOW IS A TRADE SECRET DIFFERENT FROM A PATENT?

- Trade Secrets automatically exist when the secret is created; Patents require a lengthy and uncertain process
- Trade Secrets must only be non-public; Patents require non-obviousness and are only available to the first inventor
- A Trade Secret right does not apply to someone who independently creates the same secret; a Patent applies to anyone who uses the invention
- Trade Secret protection is lost if the secret becomes public, but can exist indefinitely; a Patent is good for up to twenty years
- The "misappropriation" of a Trade Secret is hard to prove if the secret is not exactly copied. A Patent has a Claim which defines the scope of Patent coverage.
- Any valuable business information can be a Trade Secret; only machines, compositions, articles, etc. can be Patented.

WHAT IS A COPYRIGHT?

- A Copyright is a limited right of the author of a "work of authorship fixed in a tangible medium of expression".

WHAT CAN BE COPYRIGHTED?

- In the technology arena, only software is copyrightable, in both source and object code form. Software is copyrightable as a "**literary work**".
- Other copyrightable works include books (including technical manuals), plays, poems, art, sculpture, music.

WHAT DOES COPYRIGHT PROTECT?

- A Copyright protects against unauthorized reproduction or distribution of "**expression**," but not "**ideas**", 17 U.S.C. 102(b). This is a complex concept, particularly as it applies to software. Basically, the Copyright right is limited. It protects source or object code from being **duplicated**. Copyright does not allow the creation of the first spreadsheet (e.g. Visicalc) to preclude other functionally similar programs (e.g. Lotus 1-2-3), unless there is actual copying.

HOW IS COPYRIGHT DIFFERENT FROM PATENT PROTECTION?

- Copyright only protects against copying; Patents protect against use of the patented invention, whether or not it was copied.
- Copyright only protects “**expression**” and that is narrow protection; Patent Claim coverage can be broad (sometimes).
- Copyright is easy and cheap to get; not so for Patents.

WHAT IS A TRADEMARK/SERVICE MARK?

- A Trademark is a word or symbol that designates the source or origin of a product. An example is "Pentium" for microprocessor chips.
- A Service Mark is the same as a Trademark, except it is used for a service. An example is "Arthur Andersen" for accounting and consulting services.

HOW DO YOU GET A TRADEMARK?

- Trademark rights in the U.S. and common law countries (England, etc.) are obtained by **using** the Trademark commercially.
- “Common law” (state) Trademark rights are **limited** to the geographic area in which the Trademark is used.
- Before a Trademark or Service Mark is used, an experienced attorney should obtain and evaluate the results of an availability search.

WHY SHOULD A TRADEMARK OWNER GET A FEDERAL TRADEMARK REGISTRATION?

- It gives nationwide scope to an otherwise geographically limited right.
- After five years, the registration is "incontestable".
- Trademark Infringement suits can be brought in Federal court.
- The Federal registration makes it easy for later potential infringers to identify the prior registrations and thus avoid legal controversies.

WHAT RULES DETERMINE OWNERSHIP OF PATENTS, COPYRIGHTS AND TRADE SECRETS?

- The rules differ. The original owner of a Patent, Copyright or Trade Secret can always transfer ownership, but it **must** be in writing, unless transfer occurs by "**operation of law**".
- A Patentable invention is owned by the inventor, unless he or she was "hired to invent," in which case it is owned by the employer **by operation of law**.
- A Copyright is owned by the author, unless it was created by the author "in the scope of his or her employment", in which case the work is called a "Work for Hire" and is owned by the employer **by operation of law**.
- A Trade Secret is usually owned by the employer of the person who created the secret, if it was created on the job.

HOW IS A TRADE SECRET RIGHT VIOLATED?

- A Trade Secret right is violated if the secret is “misappropriated” .
- Misappropriation may occur as a result of:
 - Breach of Contract
 - Violation of a Protected Relationship
 - Improper Access

HOW IS A COPYRIGHT INFRINGED?

- A Copyright is infringed when an identical or almost identical copy is made of the copyrighted work (e.g., computer program) or a substantial part of the work. Non-literal infringement can also exist if there is “substantial similarity” between the copyrighted and infringing works, but this is quite complex. Remember that Copyright protects **expression** and **not ideas**.

HOW IS A PATENT INFRINGED?

- A Patent is infringed if a party makes, uses or sells a device or uses a process which **corresponds completely** to the language of **any one Claim of the Patent**.
- If literal infringement (100% correspondence of the infringer's product or process to the Claim) does not exist, the Doctrine of Equivalents may expand the literal language of the Claim to include an equivalent element.
- The Doctrine of Equivalents is a complex legal doctrine under which a limiting term of a Claim (e.g. rivet) may be expanded to cover other elements (e.g. nut-and-bolt).

WHAT ARE THE STEPS OF AN INFRINGEMENT SUIT?

- The plaintiff files a **complaint** stating broadly what rights the defendant has violated.
- The plaintiff may seek a **Temporary Restraining Order**. A TRO is a court order for a brief time (usually ten days) and without an evidentiary hearing, barring a defendant in a lawsuit from doing an act, such as making, reproducing, importing or distributing an Infringing product. TROs are often granted in Copyright and Trade Secret cases, but not in Patent cases.
- The defendant files an **answer**, usually denying the material allegations of the complaint.
- The plaintiff may seek a **Preliminary Injunction**. A Preliminary Injunction is a court order, entered after an evidentiary hearing and before a complete trial on the merits, barring a defendant in a lawsuit from doing an act, such as importing or distributing an Infringing product, until the trial on the merits. Preliminary Injunctions are common in Copyright and Trade Secret suits and frequently dispose of the matter, so that no trial is necessary. Preliminary Injunctions may be granted but are not common in Patent cases.
- The parties enter the **discovery** phase of the suit in which interrogatories are answered, documents are exchanged and depositions taken.
- Various **motions** may be filed and **hearings** held.

WHAT ARE THE STEPS OF AN INFRINGEMENT SUIT? (PART 2)

- In a Patent case the court , an Determination. A Markman Determination is a decision or hearing before a judge, in a Patent Infringement jury trial, in which the judge interprets Claims of the patent for later determinations of Patent Infringement of the Claims by a jury.
- The case proceeds **to trial**. Jury trials may be demanded by either party.
- In Patent cases, the trial may be **bifurcated** into liability and damage portions.
- A **decision or verdict** is rendered an appropriate court order entered. A **Permanent Injunction** may be granted and **damages** awarded, and sometimes attorneys' fees too. A Permanent Injunction is a court order, entered in a trial on the merits, permanently barring a defendant in a lawsuit from doing an Infringing act, such as importing or distributing an Infringing product.
- The loser **appeals**. In Patent or Copyright cases, the appeal is to the national Court of Appeals for the Federal Circuit theoretically in Washington, D.C.
- Further appeal to the U.S. Supreme Court is possible but quite unlikely to be accepted.

How is Patent validity determined in a lawsuit?

- Validity is perhaps the most complex issue in most patent cases.
- If there is a Prior Art reference that is an Anticipation, the issues are simple. An Anticipation is a single Prior Art Patent or publication which is substantially identical to a Claim and thus invalidates the claim under 35 U.S.C. §102(b).
- Usually, however, 35 U.S.C. 103 applies and the court or jury must decide Non-Obviousness.
- Non-Obviousness is a statutory requirement of U.S. Patent law that an invention, to be patentable, must be unobvious to a person having ordinary skill in the art (technology) to which the invention pertains. This is very subjective.
- The Supreme Court, in Graham v. John Deere, said that certain objective “secondary considerations” could be relied on, if applicable, in deciding Non-Obviousness. The secondary considerations are:
 - Commercial success of the invention
 - Long felt need of the industry, which was met by the invention
 - Failure of others to make the invention
 - Copying of the invention by others
 - Licenses entered into by competitors to practice the invention

What does the Plaintiff seek in an Infringement suit?

Usually an injunction against continued infringement. Money damages are less important in many cases. Attorneys fees are not available in Trade Secret cases, but may be available in Patent and Copyright cases. Damages awarded are usually a “reasonable royalty” and, in exceptional cases, where Patent infringement was “willful” actual damages may be trebled.