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2009 What the In-house Paralegal Needs to Know About Intellectual Property
Paralegal Track

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What The In-House Paralegal Needs to Know About Intellectual Property

Session Number 2009

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ACC's 5th Annual Corporate Counsel University: New Challenges/New Solutions **April 29-May 1, Hyatt Regency St. Louis at Union Station**

The in-house bar association.℠

INTELLECTUAL PROPERTY

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Protecting Your Company's Intellectual Property

I. Why it is Important

A. Economics: The cost of research and development should be rewarded when there is economic gain to be made, thus encouraging further creation/invention, and attracting the funds to do so.

The International Intellectual Property Alliance ("IIPA") estimates that copyright piracy around the world inflicts approximately $20-$22 billion in annual losses to the U.S. copyright industries (and this estimate does not include internet piracy).

B. Global Trade: Inventions can attract more foreign investment for research and development. This increases the quantity and quality of the inventions as collaboration helps new technologies develop.

C. The world benefits from the use of the invention, as well as the flow of information surrounding the inventions.

D. Reputation: Knock-off or counterfeit products may have the same or similar brand/label/marking, but the quality may not be meet the same high standard.

Protecting Your Company's Intellectual Property

II. How Governments are Helping to Protect IP

It requires international cooperation to control the manufacture and sale of counterfeit goods. The United States has several trade tools which support strong copyright protection and enforcement abroad

- Generalized System of Preferences (GSP) program
- Caribbean Basin Economic Recovery Act (CBERA, also known as the Caribbean Basin Initiative or CBI)
- Andean Trade Preferences Act (ATPA)
- Caribbean Basin Trade Partnership Act (CBTPA)
- Africa Growth and Opportunity Act (AGOA)
- Andean Trade Promotion and Drug Eradication Act (ATPDEA)
- Special 301
- World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), with 150 WTO member nations and 32 observer nations.

Protecting Your Company's Intellectual Property

III. How Companies Can Protect Their IP

Non Disclosure Agreement
Make sure the Business Partners know the importance of having a Non-Disclosure Agreement in place BEFORE they have any business discussions with Vendors, Suppliers, Merchants, etc. Your company's business requirements are confidential to your company.

License Agreement: Important Sections to include/negotiate include:

1) Term: Software is licensed for use, not purchased. The license can be perpetual, or for a specified period of time (the term) such as one year with the right to renew annually. Make sure you have the right to terminate the license without termination fees. Hardware that has software embedded in it may be sold/purchased, but the software is not "owned" by the buyer.

2) Ownership of Confidential Information and Proprietary Rights: Each party owns the IP and Confidential Information they currently own, and give no rights of ownership to the other party. This includes the right to copy or create derivative works.

3) Work Product: If you contract for a Vendor to use their IP to create a Work Product for your company, at your expense, do you want the Vendor be able to market this Work Product to your competitors? What if it contains your confidential business requirements? Do you want to negotiate and pay for the right to own the Work Product outright? Do you want the right to own it for 3 years (or 5, or 10), and then the Vendor can sell it to other parties?

Protecting Your Company's Intellectual Property

4) Warranty: The Vendor should warrant that they have the necessary IP rights to grant your company a license to use the product. They should warrant that it does not infringe upon any patent, copyright, trade secret, or other intellectual property of a 3rd party. For software, the Vendor should warrant that it has no viruses, time or logic bombs, Trojan horses, worms, timers, clocks, trap doors, or other computer instructions, devices or techniques that affect data, programming, or the computer system.

5) Indemnity: The Vendor/seller of the product should indemnify, defend, and hold your company harmless if there is a 3rd party IP infringement claim against their product. Your Company should have the responsibility of notifying the Vendor if it is served, but the Vendor should be responsible for defending your company, including all attorney fees, expenses, and settlement fees.

6) Limitation of Liability: Make sure you carve out the Indemnity Section from any Limitation of Liability Section/clause. The Vendor has the responsibility to the customer to make sure their product does not infringe anyone's IP. It is not the customer's responsibility to do a patent search, etc. Also, the Vendor would not want your company defending itself against any claims, as your company could decide to settle and buy the IP from the 3rd party from now on.

7) Affiliates: Make sure you define who in your organization has the right to use the product, and include all future affiliates acquired after the effective date. Affiliates can be defined to include those who may acquire your company as well.

8) Publicity: The Vendor should have no right to use your company name, trademark, logo, etc., in any way, including promotional matters without your company's written consent. This could be considered as an endorsement or reference by your company, and you may not be willing to provide one.

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9) Source Code Escrow: If your company's business would be severely impacted if the Vendor went out of business, and did not meet the technical support services obligations, or cure deficiencies within 30 days, you would want to make sure your company had the right, at no extra charge, to get a perpetual right copy of the source code from the Vendor's escrow agent.

10) Limitations on License Rights: Should the license be exclusive or non-exclusive; can the license be assigned or the rights be sub-licensed; should there be a limitation on the products/services; is there a geographic limitation; and limiting the channels of trade are all issues to consider.

Cease and Desist Letter

A cease and desist letter is a letter demanding/requesting that the recipient stop a certain behavior. This letter also serves the purpose of putting the recipient on notice of a copyright, trademark or patent infringement. However, a concern of the sender is whether the language of the letter will trigger a declaratory judgment action by the infringer.

The information in this section was derived predominantly from the following web sites:
http://usinfo.state.gov/products/pubs/intelprp.htm; http://www.training.ipr.gov/; http://www.iipa.com/index.html

Patents

Basis
- U.S. Constitution, Article I, Section 8
- 35 U.S.C.

Types of Patents
- Utility Patents – protects concepts and ideas that are useful.
- Design Patents – protects the aesthetic appearance of an invention.

Duration
- The term of a utility patent is 20 years from the date of which the application for the patent was filed in the United States. To keep a patent enforceable it must be maintained by paying a series of maintenance fees over the lifetime of the patent. A patent cannot be renewed.
- The term of a design patent is 14 years from the date on which the application for patent is filed.

Protection
- Utility patents protect any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement of any of the above.

Patents

Enforcement

- U.S. patents are effective only within the U.S., U.S. territories and U.S. possessions.
- Although a U.S. patent is not enforceable in other countries, under the Patent Cooperation Treaty (PCT), other member countries recognize the rights of U.S. patent holders and will not issue a patent to someone else on the same invention as covered by a U.S. patent.

Foreign Patent Protection

- By filing one international patent application under the PCT, the applicant can simultaneously seek protection for an invention in over one hundred countries.

Marking

- U.S. Patent Pending
- U.S. 1,234,567
- This product is covered under one or more of the following U.S. patents…

Trademarks

A trademark is usually a name or symbol that a company uses to identify its products or services.

A trademark can be a: Word, Phrase, Symbol, Design, Sound, Color, or Smell

Duration
- 10 years initial (20 years if issued prior to November 16, 1989)
- 10 years renewable

Strength
- Arbitrary/Fanciful - APPLE®, SUN®, REEBOK®, KODAK®, STARBUCKS®, EXXON®
- Suggestive – 7-11®, SUNKIST®, MATCHBOX®
- Descriptive – COMPUTERLAND®, VISION CENTER®, KENTUCKY FRIED CHICKEN®
- Generic - Automobile, Computer

Marking
- ® - TM - SM

Customs Recordation
- Further protection against importation of infringing products

How to Handle Unsolicited Ideas

A) Interaction with Outside "Inventors"
- Types of outside inventors
- Types of submissions
- What to look for when interacting with outside inventors

B) Developing and Maintaining a Process

- Which functions should be involved
- How to help protect your company
- Documents needed

Glossary

- The definitions below were taken from the following US Department of State web site, and is a great resource for information on intellectual property: http://usinfo.state.gov/products/pubs/intelprp/glossary.htm

COPYING. In copyright law, "copying" denotes two separate but interrelated concepts. To constitute an infringement of copyright, a work must be a "copy" in the sense that it is substantially similar to a copyrighted work, it must have been "copied" from the copyrighted work as opposed to being the result of coincidental, independent production or from being taken from the same source as the copyrighted work. Legal standards for infringement of copyright differ from those for patents and trademarks, neither of which require proof of copying.

COPYRIGHT. An exclusive right granted or conferred by the government on the creator of a work to exclude others from reproducing it, adapting it, distributing it to the public, performing it in public, or displaying it in public. Copyright does not protect an abstract idea; it protects only the concrete form of expression in a work. To be valid, a copyrighted work must have originality and possess a modicum of creativity.

DERIVATIVE WORK. A work based on a preexisting work that is changed, condensed, recast, or embellished in some way.

DIGITAL MILLENNIUM COPYRIGHT ACT. A major piece of U.S. legislation adopted in 1998 that extensively amended the copyright laws, in part to conform U.S. law to various treaty obligations, and in part to modernize the law to take into account various new digital technologies.

Glossary

DESIGN PATENT. A government grant of exclusive rights in a novel, nonobvious, and ornamental industrial design. A design patent confers the right to exclude others from making, using, or selling designs that closely resemble the patented design. A design patent covers ornamental aspects of a design; its functional aspects are covered by a utility patent. A design patent and a utility patent can cover different aspects of the same article, such as an automobile or a table lamp.

DOMAIN NAME. The names and words that companies designate for their registered Internet web site addresses, also referred to as a "URL." For example: www.coca-cola.com is a domain name identifying the site of the Coca-Cola Company. Technologically, each domain name is unique and cannot be shared. Domain names are registered on a first-come, first-served basis.

DURATION. The term or length of time that an intellectual property right lasts. As a result of the Uruguay Round Agreements Act, U.S. law was changed, effective June 8, 1995, to adopt a patent term of 20 years from the date on which the patent application was filed. A trademark continues in duration as long as there is no abandonment of rights by nonuse or by acts that cause the term to lose its significance as an indicator of origin and to become a generic name. The basic duration of a copyright is the life of the author plus 70 years. Protection of information as a trade secret lasts as long as the information remains secret.

INFRINGEMENT. An invasion of one of the exclusive rights of intellectual property. Infringement of a utility patent involves the making, using, selling, offering to sell, or importing of a patented product or process without permission. Infringement of a design patent involves fabrication of a design that, to the ordinary person, is substantially the same as an existing design, where the resemblance is intended to induce an individual to purchase one thing supposing it to be another. Infringement of a trademark consists of the unauthorized use or imitation of a mark that is the property of another in order to deceive, confuse, or mislead others. Infringement of a copyright involves reproducing, adapting, distributing, performing in public, or displaying in public the copyrighted work of someone else.

Glossary

INTELLECTUAL PROPERTY. Certain creations of the human mind that have commercial value and are given the legal aspects of a property right. "Intellectual property" is an all-encompassing term now widely used to designate as a group all of the following fields of law: patent, trademark, unfair competition, copyright, trade secret, moral rights, and the right of publicity.

LICENSE. A permission to use an intellectual property right, under defined conditions -- as to time, context, market line, or territory. In intellectual property law, important distinctions exist between "exclusive licenses" and "nonexclusive licenses." An exclusive license does not necessarily mean that this is the one and only license granted by the licensor. In giving an exclusive license, the licensor promises that he or she will not grant other licenses of the same rights within the same scope or field covered by the exclusive license. However, the owner of rights may grant any number of nonexclusive licenses of the same rights. In a nonexclusive license, title remains with the licensor. A patent license is a transfer of rights that does not amount to an assignment of the patent. A trademark of service mark can be validly licensed only if the licensor controls the nature and quality of the goods or services sold by the licensee under the licensed mark. Under copyright law, an exclusive licensee is the owner of a particular right of copyright, and he or she may sue for infringement of the licensed right. There is never more than a single copyright in a work regardless of the owner's exclusive license of various rights to different persons.

LOGO. A graphic representation or symbol of a company name or trademark, usually designed for ready recognition. The term has no legal significance in the law of trademark.

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PATENT. In the United States, a grant by the federal government to an inventor of the right to exclude others from making, using, or selling the invention. There are three very different kinds of patents in the United States: a utility patent on the functional aspects of products and processes; a design patent on the ornamental design of useful objects; and a plant patent on a new variety of living plant. Patents do not protect "ideas," only structures and methods that apply technological concepts. In return for receiving the right to exclude others from a precisely defined scope of technology, industrial design, or plant variety, which is the gist of a patent, the inventor must fully disclose the details of the invention to the public. This will enable others to understand the invention and be able to use it as a steppingstone to further develop the technology. Once the patent expires, the public is entitled to make and use the invention and is entitled to a full and complete disclosure of how to do so.

PUBLIC DOMAIN. The status of an invention, creative work, and commercial symbol that is not protected by any form of intellectual property law. Items in the public domain are available for free copying and use by anyone. The copying of items that are in the public domain is not only tolerated but encouraged as a vital part of the competitive process.

REVERSE ENGINEERING. A method of obtaining technical information by starting with a publicly available product and determining what it is made of, what makes it work, or how it was produced. The engineering effort goes in the reverse direction of usual engineering efforts, which start with technical data and use it to produce a product. If the product or other material that is the subject of the reverse engineering was properly obtained, the process of reverse engineering is not infringement of any trade secrets in the data embodied in a product and it is legitimate and legal competitive behavior.

SERVICE MARK. A word, slogan, design, picture, or any other symbol used to identify and distinguish services (retail sales services, airlines services, insurance, investment services, and the like) as opposed to a product.

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SUBSTANTIAL SIMILARITY. The degree of resemblance between a copyrighted work and a second work that is sufficient to constitute copyright infringement by the second work. Exact word-for-word or line-for-line identity does not define the limits of copyright infringement. U.S. courts have chosen the flexible phrase "substantial similarity" to define that level of similarity that will, together with proof of validity and copying, constitute copyright infringement.

TRADE DRESS. The totality of elements in which a product or service is packaged or presented, such as the shape and appearance of a product or container, or the cover of a book or magazine. These elements combine to create a visual image presented to customers and are capable of acquiring exclusive legal rights as a type of trademark or identifying symbol of origin.

TRADEMARK. (1) A word, slogan, design, picture, or any other symbol used to identify and distinguish goods. (2) Any identifying symbol, including a word, design, or shape of a product or container, that qualifies for legal status as a trademark, service mark, collective mark, certification mark, trade name, or trade dress. Trademarks identify one seller's goods and distinguish them from goods sold by others. They signify that all goods bearing the mark come from or are controlled by a single source and are of an equal level of quality. A trademark is infringed by another if the second use causes confusion of source, affiliation, connection, or sponsorship.

TRADE NAME. A symbol used to identify and distinguish companies, partnerships, and businesses, as opposed to marks used to identify and distinguish goods or services.

TRADE SECRET. Business information that is the subject of reasonable efforts to preserve confidentiality and has value because it is not generally known in the trade. Such confidential information will be protected against those who obtain access through improper methods or by a breach of confidence. Infringement of a trade secret is a type of unfair competition.

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TRIPS Agreement International rules governing the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), formulated at the December 1993 Uruguay Round of the General Agreement on Trades and Tariffs (GATT). All GATT member-countries agreed to rewrite their national laws to conform to internationally agreed norms for protecting patents, trademarks, copyrights, industrial designs, and trade secrets. The TRIPs agreement also extended protection to such technological areas as pharmaceutical products and computer software, which were previously unprotected in many countries. The general timetable for implementing the TRIPs agreement, which entered into force on July 1, 1995, is one year for industrialized countries; five years for developing countries and countries shifting from centrally planned economies; and 10 years for least-developed countries.

UNFAIR COMPETITION. Commercial conduct that the law views as unjust. A person injured by an act of unfair competition is entitled to relief in a civil action against the perpetrator of the act. Trademark infringement has long been considered to be unfair competition. Other legal categories recognized as being types of unfair competition are false advertising, product disparagement/trade libel, infringement of a trade secret, infringement of the right of publicity, and misappropriation.

UTILITY. The usefulness of a patented invention. To be patentable, an invention must operate and be capable of use, and it must perform some "useful" function for society.

WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO). One of the 16 "specialized agencies" of the United Nations system. WIPO, located in Geneva, Switzerland, was created in 1967 and is responsible for the promotion of the protection of intellectual property throughout the world. WIPO fulfills this responsibility by promoting cooperation among nations in intellectual property matters, administering various "unions" and other treaty organizations founded on multilateral treaties, and creating model laws for adoption by developing nations.

WORK MADE FOR HIRE. A work prepared by an employee within the scope of his or her employment or a commissioned work that the parties agree in writing to treat as a work made for hire. The real person, partnership, or corporation for whom the work was prepared is considered to be both the "author" and the owner of copyright from the moment of creation of the work.