A. Intellectual Property Strategies & Best Practices

Unlike land or other tangible assets, Intellectual Property (“IP”) governs the intangible assets of your business. IP includes the products, designs, names and other valuable assets developed by you or your business. And, you should protect your IP just as you would any other type of property or asset. Without proper protection, your IP may be used by others without compensation to you or your business.

IP may include your products and services, as well as any symbols, logos, words or phrases that are characteristic of your products or services. If your clients associate your products/business/service with such symbols, logos, words or phrases, they may be considered unique and they become valuable assets to your business. What if another business opened next door to your business and started selling a similar product or providing a similar service? What if the company began using similar logos/words or phrases as your company? Would you lose customers? If yes, you may have IP that needs to be protected.

There are four basic types of IP: Trademarks, Copyrights, Patents, and Trade Secrets. Your company may have one or all of these IP assets.

Trademark protection is used to distinguish your product or services from your competitors. The value of an entire company may be linked to a single trademark; thus, a trademark can be extremely valuable.

Words, phrases or designs used by your company may also be covered by copyright. Copyright protection covers original works of authorship fixed in a tangible medium of expression. Copyright covers both published and unpublished works.

Patent protection may help you defend the market for your unique products or processes. A patent is a grant from the US government that allows

Disclaimer: Please note that the information provided herein is not legal advice, and is intended only to increase your IP awareness. When seeking an application for obtaining specific IP rights, please seek professional legal help.
Trade secrets are any undisclosed information that gives your business a competitive advantage. It does not matter that such information may be obtainable by others independently on their own. Trade secrets include: technical "know how," customer lists, future product developments, inventory data, chemical formulas, and any other competitive information. "Know how" is a term used to define unpublished technical or non-technical information that has economic value to your company. As long as you can keep the information secret, it will be your trade secret.

To protect your IP, you should seek legal counsel on how you should define and categorize it. Depending on this counsel, you may want to file for a patent, trademark, service mark, or copyright; or develop a strategy to protect your trade secret or "know how." You may find that a product or service is covered by patents, trademarks, copyright, and trade secret protection simultaneously, since each type of IP covers a different aspect of the product or service.

In order to protect your IP, you should ensure that those who have access to your IP follow proper procedures. You will need to apprise your employees of your company’s IP practices and the employees’ responsibilities. It is critical that your employees have a clear understanding of who owns the IP that they develop while employed by your company and what their obligations are when they leave your employment, e.g., to not disclose your IP to others.

Requiring employees to sign an agreement to transfer IP provides insurance against employees taking valuable company property, such as patentable inventions, company names or slogans, copyrights, and trade secrets. Additionally, such an agreement may actually heighten employee awareness of IP issues and deter employees from improper use or disclosure.

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Offers for sale or the public use of inventions are other scenarios that need attention. If you do not have a confidentiality agreement or a non-disclosure agreement (“NDA”), contractors – who do not technically qualify as employees – can use your information to develop a similar product or share information with another party (e.g., your competitors). If the IP is to be presented to a potential business partner or a licensee, it is advisable to have business partners or potential licensee sign an NDA before disclosure. Such an agreement is a legal contract between at least two parties to protect IP (such as an invention, trade secrets) or any other confidential information that one of the parties to the agreement shares with the other(s).

For additional Information, visit:


2. [http://www.stopfakes.gov](http://www.stopfakes.gov) – for a general discussion and frequently asked questions about IP.


**B. Trademarks**

From the time that humans began to roam the Earth, people have used marks to distinguish their goods and services from those of others. Through use, trademarks acquire a reputation. Consumers come to expect a certain level of quality based upon that reputation, and this expectation drives purchasing decisions. For example, do you associate the following trademarks with a particular product? Does seeing these either trademark on a product influence whether you will purchase the product?

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“Have a Coke and a smile”®

(The logo and the slogan shown are trademarks of the Coca Cola® Company.)

While trademarks help distinguish a business’s goods and services, trademark rights may be used to prevent others from using a confusingly similar mark to sell similar goods and services (but not to prevent others from selling similar goods or services using a clearly different mark). If you or your business use a logo or slogan to distinguish your goods and services, you may have trademark rights that need protection.

Trademarks and service marks. A “trademark” is any word, letter, number, design, or combination of those, that identifies one party as the source of particular goods and services from those of others. Trademarks may also be sounds, scents, colors. A “service mark” is the same as a trademark except that it identifies and distinguishes the source of a service rather than a product. The terms "trademark" and "mark" are commonly used to refer to both trademarks and service marks.

State trademark protection. In the US, trademarks can be protected at both the federal and the state level. In both systems, trademark rights are derived from priority of “use.” Although required to obtain federal trademark protection, registration is not always required to obtain state law trademark protection, often referred to as “common law” trademark rights. If you are the first user of a mark, then these “common law” rights allow you to challenge the unauthorized use of your trademark in several ways, depending on the factual situation. However, each state has a system for registering
trademarks, which are used only in that state. Thus, the legal effect and value of a state trademark registration can vary from state-to-state. Under state trademark law, your rights in a mark exist from your very first use of the mark in commerce. You may use the "TM" (trademark) or "SM" (service mark) designation to alert the public to your claim of state trademark rights, regardless of whether your mark has been federally registered with the USPTO. State trademark protection is a good first step, but it only provides protection for your use of the mark in that particular state. Moreover, if another party registers a similar mark with the USPTO, you may lose your rights in that trademark or be severely limited in several respects as to where you can use the trademark. You may be limited to a geographically restricted area or market or line of products. This loss in rights may adversely affect your business. Consequently, many trademark owners that use their mark “in commerce” choose to register their trademarks with the USPTO in order to get the benefits associated with a federal trademark registration.

Federal registration. Trademarks that are used in interstate or foreign commerce may be registered with the USPTO. The term “in commerce” means interstate commerce, territorial commerce, or between the United States and a foreign country.

Owning a federal trademark registration on the Principal Register provides several advantages, including:

- A public notice of your claim of ownership of the mark;
- A legal presumption of mark ownership and the exclusive right to use the mark nationwide on or in connection with the goods/services listed in the registration;
- The ability to bring an action concerning the mark in federal court;
- The use of the US registration as a basis to obtain registration in foreign countries; The ability to record the US registration with the US Customs and Border Protection

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(CBP) Service to prevent importation of infringing foreign goods;
• The right to use the federal registration symbol®; and
• Listing in the United States Patent and Trademark Office’s online databases.

Registration notice. You may use the federal registration symbol "®" only after the USPTO actually registers a mark, and not while your trademark application is pending. Additionally, you may use the registration symbol with the mark only on, or in connection with, the goods and/or services listed in the federal trademark registration. The registration symbol provides notice to the world that your mark is registered, and helps protect your intellectual property. In addition to any state law protection that you may have, federal registration allows you to sue infringers in federal court to prevent them from using your federally registered trademark(s).

Term. Federal trademark registrations can be renewed every 10 years provided the mark remains in use. Thus, federal trademark registrations may last forever.

Due diligence. Before beginning to use a trademark, a business should first determine whether some other business is already using an identical or similar trademark, on or in connection with the same or related goods or services, or whether some other company otherwise has any rights in the mark. By making that determination, a company reduces the risk of violating another company’s trademark rights. A search of the registrations and applications in the USPTO database generally is insufficient since, in the United States, trademark rights are derived from priority of “use.”

If you would like to determine if a trademark is available for “use” or “registration,” you should consider contacting an attorney specializing in trademark law. Local bar associations and telephone directories usually have attorney listings broken down by specialties. Time can be of the essence.

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Once you or your business start using a trademark, it is important to control its use. The key to retaining trademark protection is that every time you make, use or sell the product you always use the trademark such that there is no question in anyone’s mind that, upon seeing your trademark, only your products come to mind.

You also want to monitor whether others may be using your mark in a way that confuses the public about the source of products or services, i.e., infringes your trademark rights.

Proper control of your trademark also includes monitoring how you, your business, your employees, and others use your mark to ensure that it does not become “generic.” A trademark may be deemed generic when it no longer identifies source or brand but, instead, is generically used to refer to any category of product or service. When a mark becomes generic, its owner no longer has the exclusive right to use the mark. Examples of trademarks that were once protected but have now been deemed generic include: Aspirin, Escalator, Dry Ice, Yo-Yo and Zipper.

For additional Information, visit:
2. http://www.uspto.gov/inventors/trademarks.jsp–This is a link for connecting to the Inventor Assistance Program for Trademarks. The site provides basic information about Trademarks, Service Marks, basics of applying for a trademark and the filing fee.

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Copyrights

Your product and its packaging, advertising brochures, and even product instructions may be protected by copyright provided that they are fixed in a tangible medium. Like any other form of IP, you should know your copyrights because the unauthorized copying of your unique work(s) may damage you or your business’s competitive advantage.

Copyrightable works. Copyright protection is grounded in the US Constitution, and specifically provided for in the Copyright Act, 17 U.S.C. § 101 et seq. Copyrights are granted for original works of authorship fixed in a tangible medium of expression, and apply to both published and unpublished works. Section 102 of the Copyright Act states:

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:
   (1) Literary works;
   (2) Musical works, including any accompanying words;
   (3) Dramatic works, including any accompanying music;
   (4) Pantomimes and choreographic works;
   (5) Pictorial, graphic, and sculptural works;
   (6) Motion pictures and other audiovisual works;
   (7) Sound recordings; and
   (8) Architectural works.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless...
of the form in which it is described, explained, illustrated, or embodied in such work.

It is important to note that copyright protects "the expression of an idea" in any of the expression media described in section 102(a), not the idea itself. A copyright owner’s rights include the right to reproduce the work in copies or phonorecords; prepare derivative works based upon the work; distribute copies or phonorecords of the works to the public by sale or other transfer of ownership, or by rental, or lending; perform the work publicly, and display the work publicly (Section 106 of the title 17).

Creation and notification. Copyright protection is automatically secured when a work is created, e.g., when the work is written, painted, sculpted, or recorded for the first time. No publication, registration, or other action in the Copyright Office is required to secure a copyright, regardless of the nationality or domicile of the author. While copyright registration is not required for ownership, it is often beneficial. For example, registration may be used to establish copyright ownership, and provide rights to certain forms of relief from infringement.

A proper copyright notice for visually perceptible works should contain the copyright registration symbol “©” – the letter C in a circle – the first year of publication of the work; and the name of the owner of copyright in the work or an abbreviation by which the name can be recognized, or generally known alternative designation of the owner. (The notice for phonorecords of sound recordings should contain a letter P in a circle; the year of the first publication of the sound recording; and the name of the owner of the copyright in the sound recording or an abbreviation by which the name can be recognized, or generally known alternative designation of the owner.) An author or copyright owner may want to place a copyright notice on any unpublished works or phonorecords that leave his or her control (for example: Unpublished work ©2010 John Doe). Use of the copyright notice is the responsibility of the copyright owner, and does not require advance permission from, or registration with, the Copyright Office.

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Ownership. Copyrights belong to authors or those deriving ownership rights from the author. Joint and co-authors typically share copyrights in the works they jointly produce unless there is an agreement providing otherwise. However, copyrights in works created by employees – often called, “works for hire” – typically belong to the employer when the works are made during employment; using company materials, time or space; and/or at the direction of the employer.

Infringement and exemptions. Copyright owners have the right to sue for infringement those who engage in the unauthorized reproduction of their copyrighted work(s) with a few important exemptions. One exemption is the doctrine of "fair use," which provides that a copyright will not be infringed by the unauthorized reproduction of a copyrighted work “for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research.” The “first-sale doctrine” similarly provides that the resale of a lawfully purchased copyrighted work is also exempt from infringement – but this exemption applies only to the purchased work. If someone lawfully purchases a book or a painting, that person may resell the book or the painting without infringing the copyrights in those works; however, the person has no authority to make other copies of the book or painting. Put another way, when you buy a copyrighted work, you buy a copy of the work (i.e., a book or a painting), but not the copyrights in the work (i.e., the right to make copies of the book or the painting).

Protection against the unauthorized reproduction of copyrighted works in a given country depends on the national laws of that country, as well as international treaties and conventions between United States and that country. Generally speaking, US courts may impose penalties for the infringement of US copyrights, such as money damages, the imposition of an injunction to prevent further infringement, and the impoundment and destruction of infringing articles.

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For additional Information, visit:

3. [http://www.copyright.gov/circs/circ01.pdf](http://www.copyright.gov/circs/circ01.pdf) – Circular 1, Copyright Basics for general discussion of what is protected under the Copyright law, how to register a Copyright and how and where to get more information about Copyright.

C. PATENTS

A patent is a property right granted by the US Government that allows an inventor “to exclude others from making, using, offering for sale, or selling [his or her] invention throughout the United States or importing the invention into the United States.” A patent is granted for a limited time, and in exchange for the public disclosure of an invention in sufficient detail that others may make and use the invention once the patent expires. There are three types of patents in the US: utility patents, design patents, and plant patents. The first two types are discussed below.

1. Utility Patents

Patentability. A utility patent may be granted on any useful, new, and non-obvious process, machine, article of manufacture; composition of matter; and/or an improvement of any of these. To be patentable, an invention must be described in the inventor’s application with enough detail that a “person of ordinary skill in the art” would (1) believe that the inventor possessed the full scope of the invention at the time the application was filed, and (2) know how to make and use the invention when its corresponding patent expires. A patentable invention must also be claimed in such clear and definite terms that others have a clear idea of what the inventor is claiming (and, thus, can

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avoid patent infringement). Although there are few limitations on the types of inventions that may be patented, the following phenomena cannot be patented: laws of nature; physical phenomena; abstract ideas; literary, dramatic, musical, and artistic works (these may be protected through copyright); and inventions that do not work (such as a perpetual motion machine).

First-inventor-to-file system. The US patent system underwent several important changes following the enactment of the America Invents Act (AIA) on March 16, 2013. Prior to that date, the US had a “first to invent” patent system. The US now follows a "first inventor to file" patent system. Thus, evidence of invention, such as laboratory notebooks, is no longer used to show the date of invention, but may still be used in cases where two applications have been filed claiming the same or a similar invention and there is a question whether one inventor derived the invention from the other.

Utility patent term. The maximum term for a utility patent issuing from an application filed on or after June 8, 1995 is twenty years from the filing date of the earliest application claiming the patented subject matter. The maximum term for a utility patent in force on June 8, 1995, or a patent issuing from an application filed before June 8, 1995, is the greater of the twenty-year term discussed above or seventeen years from the date the patent was granted. Regardless of how patent term is calculated, no patent is enforceable until it issues. Further, the maximum term may be achieved only by the timely payment of patent maintenance fees.

Provisional and non-provisional applications. An applicant for a US utility patent has the choice of filing either a provisional or a non-provisional patent application with the USPTO. Only a non-provisional patent application, when examined and approved, can issue as a US patent. However, filing a provisional application may be very beneficial under certain circumstances.

A provisional patent application is an application for a US patent filed with the USPTO (under 35 U.S.C. § 111(b)). Unlike a non-provisional patent application.
application, a provisional patent application may be filed without a formal patent claim, oath or declaration, or any information disclosure (prior art) statement. As stated above, a provisional patent application will not be examined and/or result in the grant of a US patent. Rather, it provides a mechanism by which an applicant may establish an earlier effective filing date for a later-filed, non-provisional patent application (under 35 U.S.C. § 111(a)).

Under the provisions of 35 U.S.C. § 119(e), the corresponding non-provisional application would benefit in three ways: (1) patentability would be evaluated as though filed on the earlier provisional application filing date for commonly disclosed subject matter, (2) the resulting published application or issued patent would be treated as a reference under 35 U.S.C. § 102(a)(2) as of the earlier provisional application filing date, and (3) the twenty-year patent term would be measured from the later non-provisional application filing date. What points (1) and (2) mean is that, in most circumstances, most publications or public uses occurring on or after the filing date of the provisional patent application could not be cited as “prior art” against the patent claims in a later-filed, corresponding non-provisional application. The filing of a provisional application also allows the applicant to use the term "Patent Pending" in connection with any invention(s) described in the provisional application.

A provisional patent application remains pending for twelve months after it is filed. To obtain the benefit of the provisional patent application’s filing date, any corresponding non-provisional application must be filed within this twelve-month window. Moreover, in accordance with 35 U.S.C. § 119(e), the corresponding non-provisional application must contain or be amended to contain a specific reference to the provisional application within the time period and in the manner required by 37 C.F.R. § 1.78.

An alternative to filing a corresponding non-provisional application is to convert the provisional application to a non-provisional application by filing a grantable petition under 37 C.F.R. § 1.53(c)(3) requesting such a conversion within twelve months of the provisional application’s filing date. When

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deciding whether to file a non-provisional application or convert a provisional application to a non-provisional application, it is important to remember that the term of any patent issuing from a converted application will be shorter than the term of a patent issuing from a non-provisional application claiming the benefit of an earlier-filed provisional application. Specifically, the term of a patent issuing from a provisional application that was converted to a non-provisional application will be measured from the (earlier) original filing date of the provisional application; whereas the term of any patent issuing from a non-provisional application will be measured from the non-provisional application’s (later) filing date. In either case, the filing of a provisional application allows the applicant to use the term "Patent Pending" in connection with any invention(s) described in the provisional application.

Tracking your inventions. Proper disclosure and recording of your IP is an important part of IP protection. Completing an audit will help you identify new patentable products and services that can enhance your business’s growth potential. An audit can help you track when and where an invention was created, disclosed to the public, and/or sold. In the US, there is only a one-year grace period between the public disclosure of an invention and the filing of a patent application claiming that invention. Examples of public disclosure include: a presentation at a conference; a paper publication; or a sales presentation to a potential licensee, business partner or vendors. Because IP rights may be irrevocably lost through inadvertent disclosure, a determination should always be made about whether a patent application needs to be filed before disclosing your IP, invention, or research work to others. Tracking these activities is very important because an invention will not qualify for US patent protection if it was publicly disclosed or offered for sale in the US more than one year before a corresponding patent application is filed. Moreover, because many foreign countries have absolute novelty requirements that do not permit any type of public disclosure prior to filing, not knowing when an invention was disclosed or offered for sale may prevent you from obtaining a patent in other countries. Having a system for documenting new inventions will also assist you, or your patent attorney or agent, in drafting your patent application. Such a system will also allow you

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to track each employee’s contribution to a particular invention. This is important because patents must name all of the inventors of the claimed invention – even when the inventors have a contractual obligation to assign their patent rights to their employer.

**For additional Information, visit:**

2. [http://www.uspto.gov/inventors/iac/](http://www.uspto.gov/inventors/iac/) – The Inventors Assistance Center (IAC) provides patent information and services to the public. The IAC is staffed by former Supervisory Patent Examiners and experienced Primary Examiners who answer general questions concerning patent examining policy and procedure.

**2. DESIGN PATENTS**

Utility patents and design patents afford legally separate protection. Utility patents protect the structure and function of articles of manufacture (35 U.S.C. § 101), whereas design patents protect the ornamental features of such articles (35 U.S.C. § 171). Design patent protection can be very valuable, especially when used in conjunction with other forms of IP. For example, because articles of manufacture may include both functional and ornamental characteristics, it is quite possible for an individual article of manufacture to be the subject of both types of patents. Moreover, an article of manufacture that is not eligible for a utility patent may be eligible for design patent protection.

**Patentable designs.** 35 U.S.C. § 171 provides that a design patent may be awarded to any person who has invented any new, original, and ornamental design for an article of manufacture. It states:

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Whoever invents any new, original, and ornamental design for an article of manufacture may obtain a patent therefore, subject to the conditions and requirements of this title.

A patentable design consists of the visual ornamental characteristics embodied in, or applied to, an article of manufacture. Because a design is manifested in appearance, the subject matter of a design patent application may relate to the configuration or shape of an article, to the surface ornamentation applied to an article, or to a combination of the configuration and surface ornamentation. Examples of patentable designs include china patterns; the shapes of bottles, lipsticks, and auto body parts; and even computer screen icons.

Relationship of design to article of manufacture. An ornamental design may be embodied in an entire article of manufacture, or in only a portion of an article. A patentable design cannot be hidden from view, and it cannot exist independently from the article of manufacture identified in the design patent application’s title and/or claim. Moreover, if a design is directed to mere surface ornamentation, the application must include drawings showing the design as applied to an article of manufacture (shown in broken lines).

Application requirements. A design patent application must include a drawing(s) of the claimed design, and may contain only a single claim (37 C.F.R. § 1.153). The claim and/or title must identify an article of manufacture embodying the design or to which the design will be applied. A separate application must be filed for each design or variation of a design that does not involve a single inventive concept. Designs are considered distinct – i.e., do not have a single inventive concept – if the ordinary viewer would consider them to have different shapes and appearances. This is true, even if the designs are to be applied to the same or related articles. For example, two vases having distinct surface ornamentation and appearance must be claimed in separate applications. However, modified forms (or “embodiments”) of a single design concept may be filed in one application. For example, two vases with only minimal differences in surface ornamentation and appearance may
be considered a single design concept, and both embodiments may be included in a single design patent application. Similarly, if a design will be embodied in or applied to more than one article of manufacture, in most cases, a separate design patent application will need to be filed for each article of manufacture.

**Design patent term.** 35 U.S.C. § 173 sets forth the term of a design patent at "fifteen years from the date of grant."

**Tracking your designs.** An audit should be conducted to determine whether any of your business’s products have distinct ornamental characteristics that might be eligible for design patent protection. As with utility patents, the failure to file a timely design patent application may result in a loss of design patent rights. For example, if you disclosed a product bearing an otherwise patentable design in public or offered such a product for sale more than one year before filing a patent application claiming the design, you may not be able to obtain a US patent on that design.

**For additional Information, visit:**


**D. Trade Secrets**

Trade secrets are any closely-held information that that gives you or your business a competitive commercial advantage. As stated above, trade secrets may be technical or non-technical in nature, and may include things like customer lists, plans for future product developments, inventory data, and chemical formulas. Having an understanding of trade secret law and how it relates to other forms of IP will help you select the best IP protection strategy for your business.

**Identifying candidates for trade secret protection.** Any non-technical information that is not easily obtained by the public, e.g., customer buying

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patterns or preferences, is a good candidate for trade secret protection. Likewise, any technical information that is not easily reverse-engineered is also likely a good candidate for trade secret protection. Perfume formulas and flavorings are often difficult to reverse engineer. Consequently, these make up some of the most notorious examples of trade secrets, i.e., the Coke® formula, KFC®’s blend of eleven secret herbs and spices®. On the other hand, a technical product or process that is easily reverse-engineered is probably a better candidate for a utility patent protection.

Trade secrets vs. utility patents. Although both protect competitive information, trade secrets and utility patents differ in at least two important ways. First, trade secret law requires that the information at issue remain secret, while patent law requires that the information be publicly disclosed. Second, a trade secret will last as long as the information at issue remains secret, whereas a patent remains in force for only a limited period of time, after which anyone can use the information.

Protecting a trade secret. Although most states follow the Uniform Trade Secrets Act, trade secret law varies from state to state. In all states, however, the key to establishing and maintaining a trade secret is to limit the number of people who have access to your business’s confidential competitive information, including the number of your business’s employees who can access the information. The consistent use of nondisclosure agreements with employees, contractors, or other parties may also help your business protect its trade secret information. A nondisclosure agreement is a contract between two parties wherein one party promises to maintain the confidentiality of the other party’s information.

The failure to take reasonable measures to protect trade secret information may result in that valuable information inadvertently being made public. Moreover, without such measures in place, a court may determine that your business’s information does not qualify for trade secret protection and, depending on the state, that your business cannot obtain compensatory

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damages for even the purposeful release of that information. Accordingly, training on the proper handling of trade secret information is critical.

E. USING TECHNOLOGY OR CONTENT OF OTHERS

As the awards in IP infringement suits have swelled into the multimillions, so has public interest in both IP protection and infringement avoidance. All businesses should take steps to avoid the severe penalties associated with an IP infringement verdict, e.g., money damages, injunctions, and the seizure and destruction of infringing products.

Implied licenses and first sale exemptions. Most forms of IP are governed by a “first sale” exemption to infringement, meaning that a person who lawfully purchases a product containing someone else’s IP obtains property rights in the purchased product – e.g., the right to use or resell the product – but does not obtain any rights to the IP therein. For example, the lawful purchaser of a patented product obtains an implied license from the patent owner to use and sell the product without fear of infringement. The purchaser does not obtain the right to make the same or similar products. Similarly, while the purchaser may repair the product, the purchaser may not make so many repairs and modifications to the product to produce a “new” infringing copy of the product.

Similar rules apply in copyright and trademark law. A lawful purchaser of a copyrighted work can sell the work, but not make copies or derivatives of the work. Even the unauthorized reproduction of a portion of a copyrighted work may give rise to an infringement claim, a possible injunction, and/or monetary damages. Although there are several “fair use” exceptions in the copyright laws, it would be extremely rare for business activities to fall into any of these “fair use” exceptions. The intended or unintended use of all or a portion of another party’s trademark may give rise to an infringement claim. Accordingly, caution should be taken when using even small portions of another party’s trademark.

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Unlike other forms of IP, trade secrets may be freely used if lawfully obtained (i.e., by reverse engineering) and barring other contractual agreement(s) preventing their use.

**Identifying the need for authorization.** A “Freedom to Operate” (“FTO”) search should be made to determine if any of the products or processes used by your business are covered by someone else’s IP. A similar search should be made to determine whether any of the products or processes your business plans to use in the near future are covered by someone else’s IP.

**Obtaining authorization.** It is always advisable to get prior authorization before using the IP of others. A licensing agreement may be the easiest way to resolve IP usage rights. A licensing agreement is a special agreement whereby one party (licensor), in exchange for a value, gives permission to another party (licensee) to a certain activity or to use certain property. The FTO search can help identify the kind of licensing agreement, if any, to negotiate with an IP owner(s). If the IP owner is a company, you may want to contact the person responsible for IP licensing at the company. This information is often available on a company’s website.

In exchange for a license, the IP owner may ask for royalties; an upfront license fee; and/or patenting and registration fee costs. Other financial terms may include equity, maintenance fees, and milestone payments.

All companies should have a system to track license agreements. A tracking system will help keep licensing expenses down by making sure that only those licenses that your business uses or anticipates are maintained.

**F. LICENSING TECHNOLOGY OR CONTENT TO OTHERS**

IP can be used both defensively and offensively. It can be used to protect your business’s assets but it also can be used to expand your business.
and create company value. Licensing IP to a previously-overlooked company may allow your business to expand without creating a new competitor. Having additional people selling your products may allow you to expand geographically or into different markets without the additional overhead and risk. Just remember: without protecting your IP, it will be very difficult to interest others in licensing your IP.

If your business wants to enter a new market, you should identify the market’s key players and understand their IP. This process will allow you to identify any complimentary skills or IP, and explore resource sharing opportunities.

Exclusive or non-exclusive license. An issue to consider before entering any form of licensing agreement is whether you want a non-exclusive or exclusive license. Under a non-exclusive license, the licensor can sell the same rights to others; whereas under an exclusive license, the licensor provides rights to a single licensee. Whether exclusive or non-exclusive rights is preferable depends on multiple factors, such as the type of IP, type of the product or service, etc. Other factors include the length of the agreement (term); rights to modify or combine with other products, (if you want to use the IP to make a combination product with your own product); non-disclosure of confidential information; prohibited use; assignment, distribution of product, diligence, transfer and sublicense rights; acceptance, testing and training; warranties; limitations on the licensor’s liability; support and maintenance services; insurance, indemnity for liability, indemnity for infringement; enforcement of remedies; and termination.

Other license terms. The license agreement terms may include royalty rates, upfront license fees, and patenting/registration costs. Other financial terms that may be added to the licensing agreement include equity, maintenance fees, and milestones.

When crafting patent licenses, it is important to avoid license terms that might be deemed “patent misuse.” Patent misuse often occurs where a patent

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owner forces a licensee to purchase additional staple products as a condition for obtaining a license for a patented invention. An example of this would be contractually requiring the licensee of a food canning machine to also purchase salt from the patent owner. Antitrust issues commonly arise when a patented invention is tied to an unpatented product. Additionally, patent licensing fees may not extend beyond the patent term.

Preparing a license agreement. The best option is to have an attorney draft a licensing agreement for your business from start to finish; however, a less costly option is prepare a draft license agreement for the attorney to review and finalize. Examples of draft licensing agreements may be found at a local law library or on the Internet. The licensing agreements found on software in your home or office may also serve as a template.

For additional Information, visit:
1. http://www.iphandbook.org/index.html–A website containing sample agreements and general discussions/resources about IP.

G. EXPORTING & INTERNATIONAL IP RIGHTS PROTECTION

Before selling products or services in another country, your business should understand that country’s intellectual property system and determine whether to seek IP protection there. On one hand, without some form of IP protection in a foreign country, your property may be used without compensation. On the other, the cost of securing IP protection varies greatly throughout the world and can be quite costly. A balance must be achieved between the cost of securing IP protection and the possible loss of market opportunities. It is important to analyze the cost and benefits of seeking IP protection and adopt the level of protection that fits individual needs.

Businesses with global operations should examine manufacturing capabilities in countries making or selling its products to identify potential competitors and infringers. Failure to analyze the IP landscape before selling products or services in another country could also result in an IP infringement.

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suit or increase the number of competitors. The International Trade Administration may be very useful in gathering this information.

**International IP treaties.** The US is a signatory to several international trade agreements and related IP treaties that require member countries to provide means for US IP right holders to obtain and enforce IP rights. IP rights are generally territorial, for example, a US Patent provides protection only in the US. To protect the same IP covered by the US patent in Japan, a Japanese Patent would be required. For more information about how to apply for patents or trademarks in individual foreign countries, contact the intellectual property office in that country directly. Once a company has registered for appropriate IP protection in a country, it must use that country’s local laws to enforce its rights. Although most countries do not require registration to enjoy copyright protection, registration can bring certain benefits, such as proof of ownership.

The United States is a member of two treaties: for patents, the Patent Cooperation Treaty (PCT); and for trademarks, the Madrid Protocol. These treaties make it easier for US citizens and businesses to file for patent and trademark protection in other countries. The USPTO processes applications for protection pursuant to both treaties.

The PCT streamlines the process by which US inventors and businesses can obtain patent protection in other countries. By filing one international patent application with the USPTO, US applicants can concurrently seek protection in more than 140 countries. Importantly, US applicants may not file a foreign patent application on inventions made in the US without first obtaining a foreign filing license from the USPTO. The filing of a US patent application automatically includes a request for a foreign-filing license.

A good first step in seeking international patent protection is filing an application through the PCT, which allows applicants to file one application that may be used as a placeholder while the applicant investigates foreign markets and manufacturing potential in other countries. Importantly, US law

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prohibits applicants from applying for a foreign patent on an invention made in the US without first obtaining a foreign-filing license from the USPTO. The filing of a US patent application or a PCT application with the USPTO automatically includes a request for a foreign-filing license.

A PCT application will not result in a foreign patent. Individual patent applications still need to be filed in each of the countries in which patent protection is sought. However, filing a PCT application gives applicants additional time to assess foreign patenting needs and reduces patent costs by limiting subsequent patent filing to only those countries where patent protection is most desired.

The Madrid Protocol streamlines the process by which US trademark owners can obtain trademark protection in other countries. By filing one international trademark application with the USPTO, US applicants can concurrently seek protection in any member country. Changes to a registration – for example transfers, name or address changes, and renewals – also can be handled through a single procedural step.

**Domain name protection.** A domain name is part of the address of a site or document on the Internet (or Uniform Resource Locator (“URL”)). In general, a domain name includes a second-level domain, a “dot,” and a top-level domain (“TLD”). A trademark, on the other hand, is a word, phrase, symbol or design, or a combination of words, phrases, symbols or designs, that identifies and distinguishes the source of the goods (or services) of one party from those of others. A mark comprised of an Internet domain name can be registered as a trademark or service mark only if it functions as an identifier of the source of goods or services.

Many businesses today register their company name and key brands as domain names in at least the .com domain (and sometimes other generic top-level domains such as .biz and .info). Businesses also may consider the registration of their company names and key brands in the top-level domains for countries in which their products are made or sold (e.g., .cn for China, .eu

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Registration may be sought proactively, to indicate a local in-country presence for marketing products, or defensively, to protect against registration of a domain name by another. Third-party domain name registrations in a country top-level domain also may provide indication of trademark rights that could preclude adoption of a desired mark in that country. The decision to seek Internet domains in every country where the products are made or sold may be prohibitively costly or a U.S.-based business may not be able to meet the local registration requirements. Like other decisions regarding a business’s intellectual property rights portfolio, such decisions should be undertaken thoughtfully and prior to commencing manufacturing operations or sales in a country.

For additional Information, visit:
2. http://www.trade.gov/ The International Trade Administration (ITA) strengthens the competitiveness of US industry, promotes trade and investment, and ensures fair trade through the rigorous enforcement of our trade laws and agreements.
3. www.buyusa.gov–General discussion and FAQs on IP and export
5. http://www.uspto.gov/patents-getting-started/international-patent-cooperation.–Information on filing an international patent application under the PCT.

H. IP ASSET TRACKING AND MAINTENANCE

A business’s or enterprise’s IP may provide crucial resources for new market opportunities, new inventions, new collaborations, and sources of new revenue.

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Conducting IP audit. Realizing that a business or enterprise has IP is the first step in IP asset management and tracking. In order to track and manage IP, an enterprise has to first determine the types of IP the enterprise:

(1) Owns and uses
   a. Copyright
   b. Trademark
   c. Trade service
   d. Trade secret
   e. Know how
   f. Patents granted
   g. Patents filed

(2) Licenses out
   a. Copyright
   b. Trademark
   c. Trade service
   d. Trade secret
   e. Know how
   f. Patents granted
   g. Patents filed

(3) Licenses in
   a. Copyright
   b. Trademark
   c. Trade service
   d. Trade secret
   e. Know how
   f. Patents granted
   g. Patents filed.

An IP audit can be used to identify, catalogue, and evaluate the IP assets of an enterprise. This information can guide business decisions, including

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whether to acquire a new business, or develop a new product or service. The audit may identify opportunities for growth or improvement, and reveal potential competitors or infringers in the market.

Tracking applications. IP rights are commonly established in the US and abroad through a formal application process with a government agency or office. Like the USPTO, most IP offices have regulations that set forth strict time periods for the filing of various papers and correspondence. It is crucial that such correspondence is answered within the allowed time period(s). The failure to timely file such correspondence may result in delayed application processing, increased costs, abandonment of the IP application, or some other action that may adversely affect the granting of IP protection. Maintaining a proper docket management system will help ensure that correspondence deadlines are met.

Maintaining patents and trademark registrations. Once a utility patent is granted by the USPTO, the patent owner must pay maintenance fees to keep the patent in force. (Maintenance fees are not required for design patents.) Maintenance fees for utility patents are due three-and-a-half, seven-and-a-half, and eleven-and-a-half years after the patent issues. If maintenance fees are not timely paid, the patent will expire. Although an expired patent may be reinstated under certain circumstances, the reinstatement process is often time-consuming, very costly, and does not guarantee reinstatement. Many foreign countries also require the payment of maintenance fees.

Although a trademark registration may be extended indefinitely, certain post-registration papers must be filed with the USPTO in order to maintain registration. As with patent maintenance fees, it is important that these papers be filed on time, and a docketing management system should be in place to track these important deadlines to ensure that no trademark rights are lost.

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While these requirements may seem cumbersome, they give IP owners an opportunity to assess patent or trademark value and avoid unwanted costs.

**For additional Information, visit:**

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