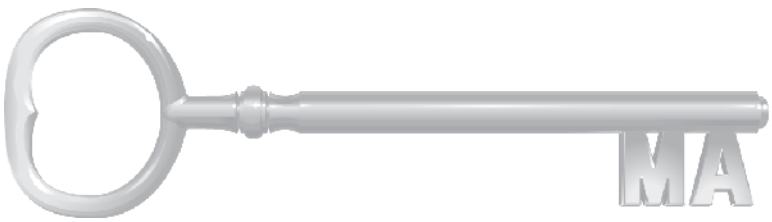
M I A

A HANDBOOK
FOR PROTECTING YOUR INTELLECTUAL PROPERTY

Fifth Edition

MADSON AUSTIN

INTELLECTUAL PROPERTY LAW



The Congress shall have the power. . .
to promote the progress of Science and
useful Arts, by securing for limited Times
to Authors and Inventors the
exclusive Right to their Respective
Writings and Discoveries.

U.S. Constitution
Article 1, Section 8, Clause 8

A HANDBOOK

FOR PROTECTING YOUR

INTELLECTUAL PROPERTY

Fifth Edition

MADSON AUSTIN

INTELLECTUAL PROPERTY LAW

Compliments of:

MADSON & AUSTIN, P.C.
15 W. South Temple, Suite 900
Salt Lake City, Utah 84101

Phone: (801) 537-1700
Fax: (801) 537-1799
info@maiplaw.com
www.maiplaw.com

Table of Contents

INTRODUCTION

This handbook is intended as a guide for decision-makers in any innovative company. Identifying and protecting innovations can mean the difference between success and failure for many companies. Innovation frequently defines a company's competitive edge. To stay competitive, decision-makers must keep current and understand the basics of protecting innovation under current intellectual property law. This handbook outlines the basics of intellectual property and explains strategies for protecting a company's innovation.

As intellectual property attorneys, we have noticed that many start-up companies are so focused on development, that they unintentionally short-change protecting their innovative assets. Frequently, start-up companies are misinformed about what can or should be protected, and such companies spend their protection dollars in areas that do not offer the most strategic and cost-effective protection. There are precautions that can be adopted for little or no cost that can set the stage for effective protection when a company has matured sufficiently that it chooses to embark on a formal intellectual property protection program.

The overview presented in this handbook is not intended to be a comprehensive treatment of intellectual property. Rather, it merely provides a framework around which a company can evaluate its creativity. Because intellectual property law is dynamic, changing almost as quickly as the creative fields it protects, changes in the law may occur between this printing and the time you are examining this handbook.

It would be advisable to double check with an intellectual property specialist before relying on any particular strategy for protecting your innovation.

This handbook addresses fundamental intellectual property protection issues in a format that explains the basics for each specific type of protection available and then suggests three approaches (minimal, modest, and aggressive). Each approach represents a level of financial and business commitment to that protection. The minimal approach describes conduct essential to protecting your intellectual property that may be performed at little or no cost. The modest approach describes precautions that can be taken at modest cost that may enhance the effectiveness of your protection efforts. Finally, the aggressive approach describes conduct that is often optional, but may be significant in fully protecting your intellectual property. Some of the suggestions in the aggressive approach may carry a sizable price tag.

The appropriate type of intellectual property protection for your creative work product may be a part of one approach or a combination of each. The proper approach should be considered carefully and tailored to your specific needs. Madson & Austin would be happy to assist you in identifying and considering your needs.

To encourage innovation-developing companies to focus on protecting their technology, the authors of this handbook are offering initial intellectual property audits (see pages 3-6). We have included in this handbook an Intellectual Property Prospector's Kit to help you prepare for an intellectual property audit. If you would like the authors to conduct such an audit, please contact Madson & Austin by telephone at (801) 537-1700, by fax at (801) 537-1799, or by email to info@maiplaw.com.

Part 1

Cover Your Assets

1. TECHNOLOGY AUDIT

Just as financial audits are an important tool used by companies in examining and assessing their financial situation, technology audits are used to examine a companies' technology or intellectual property situation. Regrettably, some companies focus only on their tangible assets, such as buildings, equipment, inventories, etc., and overlook intangible assets, such as patents, trademarks, copyrights, and trade secrets, commonly referred to as intellectual property. Yet, with start-up and hi-tech companies, the intangible assets may be their most valuable holdings.

Technology audits can help a company to discover the scope of its intellectual property ownership rights and develop a sound procedure for protecting its technology assets. Important elements of a technology audit include: identifying intellectual property assets, developing and reviewing plans for protecting these assets, and timing of audits appropriately.

1.1 IDENTIFYING INTELLECTUAL PROPERTY ASSETS

The term "intellectual property" is commonly used to refer to patents, trademarks, copyrights, and trade secrets. In general, intellectual property can be defined as technology, creative work, or proprietary information that is capable of giving a company an advantage in the marketplace. In addition to identifying intellectual property assets that already exist, it is very important to identify intellectual property assets that are under development. The following briefly introduces the main forms of intellectual property.

PATENTS

A patent is a legal document issued by the government granting the patent owner the right to exclude others from making, using, offering to sell, selling, or importing the invention claimed in the patent. Patents can be obtained for inventions that are new, useful, and unobvious to persons knowledgeable in the field of the invention. Processes, machines, products, compositions, or ornamental designs may be patented.

TRADEMARKS

Trademarks are typically words and symbols associated with a company's goods or services which distinguish them from those manufactured or sold by others. A trademark or service mark must be capable of indicating the source or origin of the goods or services.

COPYRIGHTS

Copyrights protect the particular expression of a thought or idea in the form of words, music, computer software, choreography, pictures, sculptures, audio-visual works, and sound recordings. Unlike patents, copyrights do not protect the idea itself, only the expression of the idea. Further, copyrights do not protect against true independent development by another.

TRADE SECRETS

Trade secrets include information that is not generally known within the trade or industry and that provides a competitive advantage. Trade secrets must be maintained secret. If a trade secret is publicly disclosed, it is no longer a trade secret.

The first step in identifying intellectual property assets is to list all intellectual property rights which the company owns, such as issued and pending patent applications, registered and unregistered trademarks (including distinctive "trade dress"), registered and unregistered copyrights, and trade secrets.

Trade secret technology, including the ideas and concepts that may be the subject of future patent and trademark applications or copyright registrations, should be examined and identified. This information may exist in the form of invention disclosures, lab notebooks, research and development progress reports, formulas, product reports, engineering drawings, manufacturing processes, customer and supplier lists, and technical and business plans. Other trade secret information may still be in the minds of key personnel who should be interviewed. Technology that is licensed from third parties should also be considered in a technology audit.

If you are uncertain whether you are able to adequately identify your intellectual property, an intellectual property attorney can assist you. If you would like Madson & Austin to conduct such an audit, please contact us by telephone at (801) 537-1700, by fax at (801) 537-1799, or by email to info@maiplaw.com.

1.2 PLAN YOUR PROTECTION STRATEGY

Once all intellectual property assets have been identified, you can now develop a plan for protecting those assets. Various approaches for protecting patents, trademarks, copyrights, and trade secrets are discussed in this handbook. You should customize a plan for protecting your intellectual property assets so it is cost effective and makes sense for your business. Again, an intellectual property attorney can be very helpful in assisting you with the formulation of a strategic plan.

1.3 TIMING OF INTELLECTUAL PROPERTY AUDITS

Like financial audits, intellectual property audits should be performed regularly and periodically. An annual intellectual property audit would be reasonable, but there are other circumstances where a special intellectual property audit should be performed. For instance, a thorough intellectual property audit should be performed before a merger or acquisition of major third party assets. This can ensure that there are no limitations on any acquired intellectual property rights that could encumber the use of those assets. An intellectual property audit is also recommended when a company goes public, when it seeks venture capital or other major financing, or when changing intellectual property counsel.

A focused intellectual property audit should be performed before a new product is publicly disclosed or offered for sale to be sure any intel-

lectual property related to the product and its manufacturing process is adequately protected. In some instances, public disclosure results in forfeiture of intellectual property rights related to the product.

1.4 SUMMARY

The value of intellectual property assets in obtaining and maintaining a competitive advantage in the marketplace is continually increasing. Intellectual property audits can help a company to discover the scope of its intellectual property ownership rights and to develop sound procedures for protecting its technology assets.

This handbook is designed to help you evaluate your intellectual property and recognize the various ways that your property can be protected. The authors of this handbook recognize that, to many people, protecting intellectual property can seem overwhelming. To assist you in your efforts to protect your intellectual property, the authors have included an Intellectual Property Prospector's Kit at the end of this handbook. This kit will help you begin to analyze your company's intangible assets. The forms in the Intellectual Property Prospector's Kit should be filled out by those most knowledgeable about the product or idea they relate to. They can help you and your intellectual property counsel more effectively categorize and track your intellectual property.

2. PATENTS

2.1 WHAT IS A PATENT?

Patents are provided for by the United States Constitution. Article I, Section 8, Clause 8 of the Constitution states:

The Congress shall have 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.

It is noteworthy that the Constitution aims to promote science and useful arts by giving exclusive rights in inventions and writings to the inventors and authors for a limited period of time. This provision of

the Constitution has been implemented by Congress in part by the United States Patent Statute.

Under the patent statute a system has been created whereby inventors are awarded patents for their inventions and discoveries. A patent grants to the inventor the right to exclude others from making, using, offering to sell, selling, or importing the invention as defined in the claims of the patent. United States utility patents are effective for a period of 20 years from the date the application is filed with the United States Patent and Trademark Office. (For patents based on applications filed before June 8, 1995, the patent term is the longer of 20 years from the application filing date or 17 years from the issue date.) It is important to note that the patent may not actually issue for two or more years following the application filing date.

2.2 HOW CAN A PATENT BE IMPORTANT?

Patents represent a limited monopoly granted to the inventor of an invention or discovery. A patent is a "negative right" in that it is a right to exclude others from making, using, offering to sell, or selling the invention. This means that the owner of a patent has the legal right to exclude others from utilizing the owner's patented technology in any market within the United States for the term of the patent. Hence, if a patent covers commercially significant technology, then the owner enjoys a commercial advantage until new and better technology is invented or the patent expires. This right can be of extreme importance in building a viable business.

Patents provide the inventor with a time period during which he or she can develop and manufacture the invention and market it without interference from competitors. Thus, an inventor of the better mousetrap is given the opportunity to profit from that mousetrap without facing competition from similar mousetraps manufactured by the competition. The patent does not preclude the competition from developing further improvements based on the information provided by the patent, but at least the inventor should not encounter competition from a "knock-off," or near-copy, of the patented invention.

A patent however, does not give the inventor any affirmative rights. In that regard, even if an inventor holds a patent, the inventor may

not have a right to practice the invention due, for example, to state or federal law (such as health or safety regulations) or because the invention infringes the claims of another patent.

A patent is unique in intellectual property protection because it can protect the underlying ideas and concept that make the invention useful. As will be discussed below, this is a significant difference between patents and copyrights. Copyrights do not protect the underlying idea. Patent claims may be available that exclude your competition from using the underlying idea in separate, but competitive, products. Further, it does not matter if a competitor independently develops technology that you have patented. That competitor could not practice that patented technology without being subject to liability for patent infringement.

Patents can represent a formidable weapon in the marketplace. Damage awards for patent infringement can be quite significant. One good example is the case of Polaroid v. Kodak, in which patent infringement damages in the amount of $873 million were awarded, along with an injunction against further marketing of the infringing camera. In recent years, plaintiffs in patent infringement suits have been awarded hundreds of millions of dollars in damages and royalties.

While history indicates that patents can provide valuable protection against infringing competitors, more recent cases hint that the disposition of the courts may be changing. The first step in a patent infringement suit is construing the claims, which involves determining what the claim specifically states and also what types of inventions would be equivalent to what is claimed. The practice of protecting inventions that are equivalent to the invention claimed is commonly referred to as the Doctrine of Equivalents. The court's application of the Doctrine of Equivalents often determines the outcome of the case. Many of the more recent court decisions indicate that the courts are beginning to construe the plaintiff's claims much more narrowly, thus favoring the defendant by limiting the scope of the Doctrine of Equivalents.

In Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722 (2002), the United States Supreme Court applied many of the recent narrowing techniques but also applied a rule of law that may make patent infringement suits more difficult in the future. The Festo rule significantly affects the inventor's potential for recovery in an infringement suit, based on activities during the application

and prosecution phases of acquiring a patent. To ensure successful patent protection against infringers, it is important for the potential patent owner to consult a qualified intellectual property attorney upon recognizing potentially patentable innovations.

Additionally, patents can provide a strong deterrent against competitors. For the right price, competitors may opt to license your patented technology rather than spend the time and effort necessary to avoid infringing the patent. Patents provide the technology company with a convenient package of technology to offer for license. Many companies and individuals thrive on royalties received through patent licensing.

Patents also offer significant intangible value to a technology company or individual owner. Companies often point to their patent portfolio as evidence of their preeminence in a particular industry. Customers, including the federal government, are often affected in their purchasing decisions by the strength of a company's patent portfolio.

2.3 WHAT CAN BE PATENTED?

In order to be patentable in the United States, an invention must satisfy the conditions for patentability provided for in the patent statute. These conditions include the following:

PATENTABLE SUBJECT MATTER

The patent must relate to patentable subject matter. Subject matter that can be patented includes "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." Patents generally cover items such as machinery, industrial or business processes, electrical and computer goods, chemicals, and ornamental designs. Patents are not generally available for mathematical algorithms or principles of nature. However, patents are available for computer software implementing algorithms and principles of nature. Patents are also available in the medical and biotechnology areas where someone has made a modification to a naturally occurring substance or life-form, or has isolated and purified such a substance.

THE INVENTION MUST BE NEW

In order to be patentable, the invention must be new and not already in the public domain. It is possible for the inventor's own invention to fall within the public domain and thereby render the invention "old" under the patent statute. In particular, if the invention has been described in a printed publication, sold, offered for sale, or placed in public or commercial use more than one year before filing a patent application, the inventor's patent rights are barred. Most countries other than the United States are even stricter, requiring that an application be filed before any public disclosure of the invention. In addition, if the invention is invented by another or is the subject of publications or patents filed by another, the inventor's rights may be barred.

For these reasons it is important to file promptly for patent protection. It is generally recommended that a patent application be filed before any publication, sale, offer for sale, or public or commercial use of the invention. In this manner, it is possible to preserve United States patent rights and also to maintain the option of pursuing patent protection in most foreign countries.

THE INVENTION MUST NOT BE OBVIOUS

During examination of the patent application by the United States Patent and Trademark Office, a determination will be made as to whether the invention is obvious in view of material known to the public. Obviousness is an objective standard that has been applied somewhat subjectively. The determination of obviousness is generally made using a three-step test. The test is as follows:

1. Determine the scope and content of the prior art, i.e., information that is publicly available in the field of the invention;
2. Ascertain the differences between the prior art and the claims contained in the patent application; and
3. Resolve the level of ordinary skill in the pertinent art.

After these steps are taken, a determination is made whether the invention would have been obvious at the time of invention to one having ordinary skill in the art.

In order to overcome an argument that an invention would have been obvious, it is not necessary to show that the invention represents any

particular magnitude of advancement in the art. It is only necessary that the invention not be obvious. In that regard, it is not unusual for relatively small advancements or modifications of the existing art to be entitled to patent protection.

2.4 PROVISIONAL PATENT APPLICATIONS

The U.S. Patent and Trademark Office accepts "provisional" patent applications. Provisional patent applications provide a mechanism whereby applicants can quickly and inexpensively establish an early effective filing date. The effective filing date can be used to prove that the inventor knew the material disclosed in the provisional application prior to public disclosures, sales, or the inventive efforts of competitors. The filing of a provisional application provides up to twelve months to further develop the invention, determine marketability, acquire funding or capital, seek licensing, or seek manufacturing before a full utility application must be filed.

A subsequent utility patent application may be filed at any time within one year of the filing date of the provisional application and claim the benefit of the provisional application filing date. If a subsequent application is not filed within one year, it cannot claim the benefit of the provisional application filing date. The filing of certain foreign patent applications may also be required within the one year period. Importantly, the patent term is not measured from the filing date of the provisional application, but rather from the filing date of the utility patent application.

A provisional application is only required to include a specification and a cover sheet. The filing fee is significantly lower than the filing fee for a regular utility application. There is no requirement for claims, an inventor's declaration or oath, or any particular format. The provisional application will not be examined or published in its initial form, so the organization and format of the application is not as important as in a regular application.

The provisional application is, however, required to satisfy the Section 112, first paragraph requirements, i.e., the "written description," "enablement," and "best mode" requirements. As the Federal Circuit ruled in New Railhead Mfg. v. Vermeer Mfg. Co., 298 F.3d 1290 (Fed.

Cir. 2002), subsequent claims based on the provisional application will not receive the provisional filing date if these requirements are not met.

2.5 PATENT APPLICATION PUBLICATION

Until recently, all patent applications filed in the United States were held in confidence until a patent issued from the application. Because the Patent and Trademark Office kept the applications confidential, applicants could keep their inventions secret until the day the patent issued.

However, most foreign countries publish patent applications 18 months after the filing date of the application. The American Inventors Protection Act (AIPA) places United States patent law more in line with foreign patent law with respect to publication. A non-provisional patent application filed on or after November 29, 2000 will be published and available to the public 18 months from the earliest filing date from which benefit is sought. Applications filed before November 29, 2000 may be published if an applicant voluntarily elects to do so. An application may still be kept secret if patent protection is only sought in the United States. In such cases, the applicant must file a nonpublication request upon filing the application. The applicant must also certify that invention has not and will not be the subject of a published foreign application. If an applicant requests that an application not be published and later files in a country that publishes its patent applications, then the applicant must notify the Patent and Trademark office within 45 days of filing abroad, and the application will be published in the United States.

The AIPA also creates provisional rights in the claims of a published patent application. An applicant can recover damages for direct infringement of patent claims that later issue in a substantially identical form when the infringer has actual notice of the published patent application. Thus, an applicant may recover for infringing activity that occurred before the patent issues.

2.6 EMERGING PATENT CLASSIFICATIONS

The American Inventor Protection Act is not the only change that has occurred in recent years in patent law. As technology advances faster than most people can imagine, the world, including the courts and the patent office, has recognized the increased importance of patent protection. In just the last twenty years, there have been major court cases that have broadened the scope of innovations that are patentable. Some of the fields that have recently become patentable include: computer software that produces a tangible result, business methods, and biotechnology.

COMPUTER SOFTWARE PATENTS

The US patent statute provides that a patent may be obtained for "... any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof..." (See 35 U.S.C. § 101.) Generally, this means that computer hardware in all its varieties is patentable subject matter. Therefore, so long as the other statutory requirements for a patent have been met (described in the patents section of this manual), patents for computer hardware are generally granted.

Conversely, computer software has been more difficult to patent. This is due largely to a court made requirement that a patent not be allowed for "laws of nature, natural phenomena, and abstract ideas," this includes mathematical algorithms and formulas. (See Diamond v. Diehr, 450 U.S. 175, 182, 101 S.Ct. 1048, 67 L.Ed.2d 155 (1981)) Recently, a landmark case State Street Bank & Trust Co. v. Signature Financial Group, 149 F.3d 1368, 47 U.S.P.Q.2d 1596 (Fed. Cir. 1998) established that the law that prohibits patents on natural laws and phenomena is not violated if the software provides a "useful, concrete and tangible result." (See State Street Bank & Trust Co. 149 F.3d 1368, 1373, 47 U.S.P.Q.2d 1596 (Fed. Cir. 1998)).

The U.S. Patent and Trademark Office has followed the guidance set out in the State Street Bank decision. In fact, U.S. Patent and Trademark Office has published a set of guidelines to help practitioners and the public understand how software may be claimed and described to avoid the natural law prohibition.

As a result, computer software may be patented. Of course, the other

statutory requirements for a patent must be met. Additionally, a software patent application should clearly set out the practical, tangible, and concrete results that the software provides. The patentability of software borders on the issue of patentability for business methods.

BUSINESS METHOD PATENTS

As was indicated in the section on Computer Law below, many of the issues the courts have addressed in recent years regarding computer-related patents have also affected patents related to business methods. The Patent and Trademark Office has historically rejected all applications for patents on business methods and processes. Recently however, the Federal Circuit announced, "since the 1952 Patent Act, business methods have been, and should have been, subject to the same legal requirements for patentability as applied to any other process or method." State Street Bank & Trust Co. v. Signature Financial Group, 149 F.3d 1368 at 1375, 47 U.S.P.Q.2d 1596 at 1602 (Fed. Cir. 1998). The State Street Bank decision has profoundly affected intellectual property law and the business community, especially e-business. This section will describe how the recent court decisions and Patent and Trademark Office decisions affect those considering business method patents.

In State Street Bank, the court significantly broadened the patentability of computer software and business methods. The court retained the principle that laws of nature, natural phenomena, and abstract ideas are not patentable, but it also established the law that software is patentable if it provides useful, concrete, and tangible results. The court also stated that the business method patents should be subject to the same rules and restrictions as all other patents. The most common application of the business method patent is in combination with computer related patents and e-commerce. This trend is present because e-commerce is one of the newest forms of doing business; hence, many novel methods relate to e-commerce.

Business method patents, however, are not limited to those methods involving a computerized process. The Patent and Trademark Office has said that "[c]laims should not be categorized as methods of doing business. Instead, such claims should be treated like any other process claims...." (See MPEP §2106.) This statement allows the issuance of business method patents for mechanical as well as computerized

processes. Some examples of business method patents that have been allowed include Amazon.com Inc.'s one-click shopping method, and Priceline.com Inc.'s name-your-own-price shopping method. Other examples are directed toward a business's internal operations such as computerized recording and reporting methods such as those litigated in State Street Bank & Trust Co. v. Signature Financial Group, 149 F.3d 1368, 47 U.S.P.Q.2d 1596 (Fed. Cir. 1998), and AT&T Corp. v. Excel Communications, Inc., 172 F.3d 1352 (Fed. Cir. 1999). Accordingly, in the years since State Street Bank, the Patent and Trademark Office has seen a rapid increase in the number of business method patent applications. There were 7,800 such applications filed in fiscal year 2000.

Though these changes seem promising to one wishing to patent a business method, more recent decisions by the Patent and Trademark Office may make it more difficult to obtain a business method patent. Beginning in March 2000, the Patent and Trademark Office began requiring a more thorough review of business method patent applications. As part of what the office calls the "Business Methods Patent Initiative," patent examiners have broadened the scope of prior art searches and the office has provided specialized training to those examiners issuing business method patents. More significant than these changes is an internal policy that calls for an automatic second review of all issued business method patents. This means that after the primary examiner determines that a business method patent should issue, the application is automatically forwarded to a second examiner to re-examine the application prior to actual issuance.

State Street Bank opens the door to business method patents and allows companies to have proprietary rights in certain methods of doing business. Though State Street Bank broadened the range of subject matters that are patentable, it did not do away with the many other requirements for patentability such as novelty and non-obviousness. Not only are the many other limitations on the issuance of a patent still in place, but they were recently reinforced by the Patent and Trademark Office's Business Methods Patent Initiative. The practical effect on the inventor is an even greater need to develop a company intellectual property policy if there is the potential of seeking a business method patent. In this field that is rapidly emerging and changing, a company contemplating a business method patent would be well advised to seek the advice of a licensed intellectual property attorney.

BIOTECHNOLOGY AS INTELLECTUAL PROPERTY

The realm of patent law was turned on its head in 1980 by the decision of the U.S. Supreme Court in Diamond v. Chakrabarty, which threw the doors of the United States Patent and Trademark Office wide open to "anything under the sun . . . made by man." 447 U.S. 303 (1980). In that case, a genetically-engineered microbe capable of breaking down components of crude oil was ushered into the realm of patentable inventions.

The U.S. Patent and Trademark Office ("USPTO") included its response to Chakrabarty in its Manual of Patent Examining Procedure. In this manual, the USPTO notes that the Court "did not limit its decision to genetically engineered living organisms[,] . . . enunciated a very broad interpretation of 'manufacture' and 'composition of matter'[,] . . . [and] set forth several tests for weighing whether patentable subject matter under 35 U.S.C. 101 is present." MPEP, 2100-3. In summary, the case held that "a nonnaturally occurring manufacture or composition of matter" would be considered patentable subject matter. "Manufacture" was defined in Chakrabarty to be "[T]he production of articles for use from raw materials prepared by giving to these materials new forms, qualities, properties, or combinations whether by hand labor or by machinery." MPEP 2100-4. This definition, by placing its emphasis on whether an invention is manmade in form or quality instead of whether it is living or derived from a product of nature, made many biotechnological advances patentable, as shown in subsequent years.

In the wake of the Diamond decision, many inventors' creations, though previously excluded from the promise of patent protection, have been welcomed by the Patent and Trademark Office. Entire industries were forced to reevaluate their patent strategies and research efforts. First, the Board of Patent Appeals and Interferences determined that plant or animal material may be patentable subject matter under Section 101. Later, the Board found that despite separate protections for plants, plant subject matter may be protected by a utility patent. See Ex parte Hibberd, 227 USPQ 443 (Bd. Pat. App. & Inter. 1985). Later, the Board determined that a polyploid Pacific coast oyster could be patentable subject matter. See Ex parte Allen, 2 USPQ2d 1425 (Bd. Pat. App. & Inter. 1987). After this, the Commissioner of Patents and Trademarks issued a notice which stated that nonnaturally occurring,

nonhuman multicellular living organisms, including animals, are patentable subject matter, unless "the broadest reasonable interpretation of the claimed invention as a whole encompasses a human being." MPEP 2100-4.

Since that time, broad new classes of patentable subject matter, including human genes, animal and plant genes, novel nucleotide and oligonucleotide molecules, transgenic animals, transgenic plants, and genetic therapies have been the subjects of patent applications. Patents granted from such applications have helped to render research and development into many biotechnology applications profitable, thus supporting research and the growth of new industries bound to bring about bold changes in the future of mankind.

This revolution in patents has contributed in part to a "Genetic Revolution" that has fundamentally changed the way that people the world over perceive themselves and their surroundings. Young and old regard genetic research with hope for greater understanding of the diseases or limitations that trouble them.

Entire industries have been built around the hope of commercializing the data derived from the Human Genome Project and other genetic research. In the wake of the Project and the research conducted by the many private labs competing with it many genome-related patents have been issued to various parties. Consequently, an intricate web of patents now cover vast stretches of the genome. These patents are becoming a new financial and legal obstacle to researchers accustomed to a wide-open playing field. Researchers now find themselves fettered by license fees for the use of genetic material, yet encouraged by the power of the technology put within their grasp. This dilemma reflects the complexity and power of the intellectual property questions that must be dealt with in today's business and research environment.

As a result of this and other problems, it has become increasingly important for researchers, laboratories, institutions, and businesses to better understand and navigate the waters of intellectual property protection, both as a means for generating an income stream, and for the purpose of avoiding the huge potential liability that can arise from an infringement suit.

Further, since the results of genetic research and development may take many years to proceed through established governmental approval procedures before a useful product can even begin generating income,

biotechnology companies are heavily reliant on their patent portfolios to attract investors and fund research. It is very important for such companies to have a carefully-crafted patent strategy to maximize the scope and duration of protection awarded to their intellectual property. In fields such as pharmaceuticals, for example, several days of patent protection can be worth millions of dollars.

Madson & Austin has been an active participant in these emerging patent arenas for several years. As such, Madson & Austin brings to bear a unique level of experience and ability in obtaining and enforcing biotechnology-related patents.

2.7 PATENT PROTECTION STRATEGIES

MINIMAL APPROACH

- Do Not Disclose the Invention -- Initially it is important to remember the basic requirements of patentability. Perhaps the most common manner in which inventors lose their patent rights is by placing those inventions in the public domain through their own actions. In the haste of getting a product to market or in order to receive credit for a significant advancement, an inventor may unintentionally lose valuable rights. Accordingly, do not publish, present information at a conference, reveal your new product at a trade show, or place a new product on sale without first considering the patent implications and consulting with your patent attorney. To do so could be disastrous to the long term profitability of the invention.

- Document the Development of the Invention -- Carefully document the development of your invention so that the dates of conception and reduction to practice of the invention can be proven. In the United States the first inventor is entitled to the patent. Accordingly, if more than one inventor files for patent protection on a single invention, evidence of the date of invention will become critical. Documenting development will also help in proving that diligence was used in developing the invention. Showing diligence can be important in determining ownership of the invention. The documentation need not have any particular form, but it should be corroborated. Hence, it is advisable to have some trustworthy person who understands

the technology witness the stages of development and sign and date any written description or drawings. This witness should be under a contractual obligation not to disclose what is witnessed. It is an "old wives tale" that inventors can adequately protect their inventions by mailing themselves a copy of a description of the invention by certified mail. That practice does not provide an inventor with a corroborating witness.

- Conduct a Patent Search - In most instances, it is recommended that a patentability search be conducted prior to drafting a patent application. A search essentially screens the existing patents in the technology areas related to your invention and provides you with copies of several patents found to be pertinent to the invention. Generally the search is conducted by a professional search firm located on site at the United States Patent and Trademark Office in Washington, D.C. It is also possible to screen the technology area via computer databases and Patent Office reference libraries, often found at most major universities; however, these searching techniques have limitations. While cost constraints will usually dictate that the search not be totally comprehensive, the search will provide a good indication of the nature of inventions that have already been patented in the field of interest. A review of the search results arms the inventor with information needed to more accurately predict the prospects for success in obtaining a patent and the possible scope of patent coverage available.

- Evaluate the Commercial Importance of the Invention -- Patents are a commercial asset much like manufacturing facilities, materials, and equipment. Therefore, it is important to make an objective economic evaluation of the value of patent protection, as well as the associated costs. A good time to make a preliminary assessment of economic value is after obtaining the results of the search.

  In making this evaluation it is worthwhile to determine the scope of likely patent coverage in view of the patents discovered in the search. If there is nothing "close" to the invention, its commercial value is likely to be higher than if there are numerous similar patents on existing inventions.

- Prepare a Comprehensive Patent Application -- Once the decision is made to file for patent protection, it is important that the best possible application be prepared. The patent application is a detailed document which describes the important aspects of your invention and the manner in which the invention operates. The United States patent statute requires that the patent application contain a written description of the invention in such "clear, concise, and exact terms" as to enable one skilled in the art to make and use the invention. In most cases (other than chemical composition applications) the application will include detailed technical drawings of the invention, in addition to the written description.

  Patent applications are also required to contain a description of the "best mode" for practicing the invention known to the inventor at the time the application is filed. This prevents an inventor from concealing the best aspects of the invention, while still seeking patent protection. Therefore, make certain that the best mode is completely disclosed in the application.

  To assist your patent attorney in preparing the patent application, it is critical to assemble detailed information related to the invention. Your attorney will want to review drawings and specifications of the invention which you have developed. Any important criteria used to decide how best to practice the invention should be provided to your attorney.

  You should also submit exemplary data that you may have collected in testing or practicing your invention. Additionally, you should identify materials used in the invention and commercial sources for those materials. By providing all of this material, preparation of the application will be expedited and costs will be minimized.

MODEST APPROACH

- Adhere to the precautions and advice listed under the Minimal Approach above.

- R&D Lab Books -- A good practice is to have technical employees keep accurate laboratory notebooks or similar records. These records should be periodically signed and dated by the witnesses within your organization who can later testify concerning content of the records.

  Such notebooks and records can prove important in showing that an inventor was the first to invent a particular technology. These records may also be helpful in dealing with ownership issues.

- Employment/Consultant Agreements -- It is advisable to have your employees enter into employment agreements that govern the manner in which inventions are treated internally and how ownership in those inventions is held. An agreement is critical if you are working with an outside consultant who may contribute to your proprietary technology.

  Often there are laws dealing specifically with invention agreements between a company and its employees or consultants. Legal assistance with the preparation of invention agreements is advisable.

- Company Intellectual Property Policy -- As your company grows it will be important to develop an integrated intellectual property policy. At first, the policy may be simple and merely identify your technology and some of your goals for the technology. The policy may grow with the company to become much more sophisticated in marshalling your intellectual property and handling invention disclosures, economic feasibility, and technology trends. At minimum, however, the policy should be implemented to identify those inventions being developed by your organization so you can maintain ownership in those inventions. In addition, the policy might address how the company deals with unsolicited idea submissions from employees or from outside third-party inventors. With a policy in place, intellectual property issues are dealt with much more easily.

- Visitor Procedures - Limiting unauthorized access to your facilities aids in maintaining your trade secret rights and in assuring that your patent rights are not lost or misappropriated. One simple, yet effective, step is to institute sign-in procedures for guests. Guests should be required to sign in each time they visit. Such guests should also wear "visitor" identification, such as a badge, and be escorted through your facility so that they can easily be identified as visitors. The sign-in sheet is a convenient place in which to spell out the terms under which admittance to your facilities is granted and that all

information gained during their visit is confidential and proprietary. An additional precaution that can be taken at modest cost is to house particularly sensitive information in a locked cabinet or room with access limited to persons having a need to use the information. Such persons may be required to sign a list to check out or return such information, even if they are trusted employees.

AGGRESSIVE APPROACH

- Technology Watch -- As your company becomes ingrained in a technological area, it becomes increasingly important to monitor either the technological developments of a competitor or the developments within the technological area. There are watch services that can assist in such monitoring activities. For a fee, a company can be apprised of every significant development being patented or published by others.

- Licensing Program -- It is not necessary that a company develop all of its own technology. Conversely, a company may develop more technology than it is capable of effectively using. As a result, it may be advantageous for a company to adopt an aggressive licensing program to obtain the use of technology or to generate revenue by licensing their technology to someone who can exploit it.

- Foreign Patent Policy -- Although there are considerations regarding foreign patents that can be addressed for little or no cost, filing for foreign patent protection can be quite expensive. Nevertheless, if your company serves significant foreign markets, foreign patent protection may be important. A carefully crafted policy could prove to be valuable in minimizing foreign patent costs while maximizing essential foreign protection.

- Enforcement Program -- The existence of a patent may not be sufficient to deter infringers. A patent owner can obtain money damages and an injunction against infringers through litigation. Unfortunately, enforcement through litigation is expensive, time consuming, and distracting. However, enforcement does not always require litigation. There are various techniques to enforce rights without

incurring litigation expenses. A program for enforcing intellectual property rights can be adopted that can be tailored to a company's needs and leave litigation as a last resort.

2.8 SUMMARY

Patent protection is growing in importance in the commercial marketplace. In order to effectively compete in the world economy, patent protection is often essential. It provides growing and established companies an opportunity to develop and market their inventions without unbridled competition. Accordingly, patents are a critical corporate asset.

3. COPYRIGHT

3.1 WHAT IS A COPYRIGHT?

A copyright is a form of intangible property that provides protection for the creative expression of ideas. Only the expression of the idea is protected. No protection is provided by copyright for the idea itself (although the idea may be protectable by patent, trademark or trade secret laws). For example, the blueprints for a home powered by a wind turbine would be copyrightable, but the copyright would not extend to the manner in which the wind turbine is incorporated into the home as a power plant.

Historically, copyrighted works consisted principally of works of art, such as paintings, songs, and plays. As the information age has matured, however, copyrights have been relied upon to protect catalogs, instruction manuals, seminars, computer software, and data bases.

3.2 HOW ARE COPYRIGHTS IMPORTANT?

Copyrights are statutory, and a copyright gives the owner five categories of exclusive rights -- the rights of reproduction, adaptation, public

distribution, public performance, and public display. Also included in the adaptation right is the right to prepare other works, called "derivative works," based on the original work. Furthermore, in the case of software programs and sound recordings, the owner has the additional right of restricting the rental of lawful copies. The copyright owner may elect to license others to exercise the rights provided by the copyright.

The copyright owner may elect to grant any of these rights to others. This is generally done in a contract which provides for the payment of royalties to the copyright owner.

3.3 WHAT IS COPYRIGHTABLE?

In the Copyright Act, Congress stated that any "original work of authorship" fixed in any "tangible medium of expression" is copyrightable. 17 U.S.C. § 102(a). Congress has specifically provided that certain things are not copyrightable. These include "any idea, procedure, process, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied."

The copyright statute requires that the work in which a copyright is sought must be original. Hence, painstakingly repainting the Mona Lisa to produce an exact copy of the original, although requiring a great deal of talent, would not produce a copyrightable work. In contrast, a child's crayon portrait of the Madonna would be copyrightable.

Virtually all creative works become "fixed in a tangible medium of expression." Consequently, this element of the statutory test is hardly ever at issue. A painter's canvas, a piece of paper, a cassette tape, and a compact disc are all examples of a tangible medium. An unrecorded speech, given extemporaneously, would be one example of a work not fixed in a tangible medium of expression, and as such, would not be afforded copyright protection.

The sole exception to the requirement of "fixed in a tangible medium of expression" exists for live musical performances. Under "anti-bootlegging" statutes live musical performances do not have to be fixed in tangible form to be protected under copyright law. The performer's

consent is required for any fixation of sounds or images during the performance.

Although rights under copyright law are obtained automatically, there are some limitations to the scope of copyrights and to ownership of copyrights. Three principal limitations are independent development, fair use, and works made for hire. Each such limitation is discussed briefly below:

INDEPENDENT DEVELOPMENT

Copyrights protect only from copying. Hence, if someone does not "copy" a copyrighted work, there is no copyright infringement. Although an accused infringing work may be remarkably similar to a copyrighted work, if the accused work was truly developed independent of the copyrighted work, the copyright owner has no recourse.

As you might imagine, a copyright infringer rarely admits to copying a copyrighted work. As a result, the courts will use a two-part test to assist the copyright owner in proving copyright infringement. If a copyright owner can prove that the accused infringer had access to the copyrighted work and that the accused work is "substantially similar" to the copyrighted work, then the courts will infer copying.

FAIR USE

The Copyright Act provides that, under certain circumstances, making copies of a copyrighted work constitutes "fair use" and can be done without the permission of the copyright owner. Congress has specifically provided that reproducing the copyrighted work for "purposes such as criticism, comment, news reporting, teaching, scholarship, or research, is not an infringement of copyright."

Unfortunately, determining whether a particular instance of copying constitutes "fair use" can be highly complex. Indeed, this is one of the most frequently litigated issues in copyright law.

Congress has set forth four factors that are to be considered in determining whether copying falls within the fair use exception:

1. The purpose and character of the use: If the purpose for copying was for non-profit use, rather than for a commercial use, fair use is more likely to be found.

2. The nature of the copyrighted work: The fair use exception is more readily available for published works than unpublished works that the author is trying to keep secret. Similarly, fair use is more likely to be applied to factual works than to artistic ones.

3. The amount and importance of the portion used: Fair use is more likely to be found when small, relatively insignificant aspects of the copyrighted work are copied.

4. The effect of the use upon the potential market for or value of the work: This is generally the most important factor. Fair use is more likely to be found if the copying has no commercial effect on the marketability of the copyrighted work.

Although the fair use analysis depends on the particular facts of the case, a rule of thumb is that if the alleged copy provides a market substitute for the copyrighted work, the copying is not likely to be considered a fair use.

WORK MADE FOR HIRE

The other primary source of litigation in the copyright field arises out of the "work made for hire" doctrine. Simply stated, the Copyright Act provides that if an employee creates a copyrightable work in the course of employment, the work is considered a "work made for hire" and the copyright is owned by the employer. On the other hand, if the "employee" is really a subcontractor, such as an outside consultant, or if the work is created outside the employee's scope of employment, the copyright does not belong to the employer.

Many employers are disturbed to learn that after they have paid thousands of dollars to a consultant for the creation of forms, a computer program or a book, they do not own the copyright to that work. This problem can easily be avoided by entering into a written contract which specifies that the copyright belongs to the employer. A verbal agreement is insufficient because the Copyright Act requires that such agreements be in writing.

3.4 HOW IS COPYRIGHT PROTECTION OBTAINED?

Unlike a patent, rights are obtained under the Copyright Act automatically. Once a work becomes "fixed" in a "tangible medium of expression," rights under the Copyright Act attach.

A copyright notice is no longer required. Prior to March 1, 1989, proper copyright notice was a condition for copyright protection. Even minor defects in the copyright notice could result in loss of rights. Although works created after March 1, 1989 no longer require notice, it is still a good idea to include a copyright notice on all copyrightable works.

Although certain rights accrue automatically, the full spectrum of rights under the Copyright Act are only available through prompt formal registration of the copyright with the United States Copyright Office. In addition to enhanced rights, additional remedies for copyright infringement are granted the owner of a registered copyright. Registration of a copyright is accomplished by submitting a Copyright Application along with two copies of the best edition of the work to the United States Copyright Office in Washington, D.C. The Copyright Office reviews the application to ensure that it is complete and that the work constitutes copyrightable subject matter. In most cases, the Registration Certificate is issued within two to three months from the filing date of the application.

Generally, copyright protection extends for seventy years beyond the death of the author. If the author of the work is anonymous or is a business entity, then the copyright protection extends for ninety-five years from the year of first publication, or 120 years from the year of creation, whichever expires first.

3.5 ENFORCEMENT OF COPYRIGHT

Many copyright disputes can be resolved simply by initiating a dialog between the parties. Now more than ever, people inherently sense that copyright infringement is illegal. Consequently, most people will willingly cease infringing activities when the issue is brought to their attention.

Not all copyright infringement issues are black and white. Occasion-

ally situations arise when formal dispute resolution tribunals must be utilized to settle disputes. To keep the costs for resolving disputes to a minimum, it may be advisable, in the appropriate situation, to use "alternate dispute resolution" methods rather than spend the time and money required for a protracted battle in the courts. Popular alternate dispute resolution methods include arbitration and mediation.

On occasion, however, it is necessary to pursue relief through the courts to protect and preserve your rights. Recently, highly publicized cases, such as A&M Records v. Napster, Inc., have highlighted the potential complexity of copyright law and the role of attorneys and courts in the proper settlement of copyright disputes. Congress has specifically provided that copyright infringement cases can only be filed in federal court. Because the federal court docket is substantially less crowded than that of the state courts, having access to federal court can be a great advantage.

Before filing a copyright infringement action, your copyright must be registered with the United States Copyright Office. For this reason, the Copyright Registration Certificate is often referred to as "the key to the courthouse." If you decide to file a lawsuit and your copyright is not registered, the Copyright Office has an expedited registration procedure in place to accommodate you.

It is not necessary nor is it advisable to register every copyrightable work. However, by registering the work before an infringement occurs, the Copyright Act provides for the recovery of statutory damages of at least $750 and up to $30,000) for each infringing work in addition to a possible award of attorneys fees and costs of suit. If the court determines the infringement has been "willful," an award of up to $150,000 is authorized by the statute. If the work is not registered, damages may be limited to those lost profits which can be proved at trial or the actual profits of the infringer.

The court also has power to grant injunctions to prevent further copying of the work. Such injunctions may be temporary or final.

The court also has the power to impound copies that are claimed to have been made or used in violation of the rights of the copyright owner. Articles that may be used to reproduce copies may also be impounded. The court may order the destruction of illicit copies and materials used to reproduce the copies.

3.6 THE DIGITAL MILLENNIUM COPYRIGHT ACT

The Digital Millennium Copyright Act (DMCA) addresses many emerging issues in copyright law and was signed into law in 1998. Only a cursory review of the most important changes in copyright law is possible in this handbook.

One of the primary purposes of the DMCA was to bring United States copyright law into conformity with various worldwide treaties regarding copyright law. To this effect, the copyright law was amended to provide greater protection for original works created outside of the United States.

Another important part of this legislation was directed to technological advancements and their relation to copyrighted material. Without affecting the rights, remedies, limitations, or defenses of traditional copyright law, the DMCA was designed to prohibit devices or services that provide unauthorized access to copyrighted material by circumventing technological measures of preventing copyright infringement. A complete exception to the anti-circumvention law was included for law enforcement and other governmental activities. Also included were limited exceptions for nonprofit libraries, archives, and educational institutions. Partial exceptions for reverse engineering, encryption research, protection of minors, protection of personal privacy, and security testing were also included in the DMCA. Copyright Management Information was also covered in this section of the DMCA, prohibiting the removal, alteration, or falsification of Copyright Management Information.

The next major section in the DMCA was designed to further limit the liability of online service providers. The liability of service providers is limited for four categories of activity: 1) transitory communications; 2) system caching; 3) storage of information on systems or networks at direction of users; and 4) information location tools. Each of these categories is subject to its own rules and qualifications but there are some aspects that are general to all of the limitations. If the service provider qualifies for a limitation, he is entitled to a complete bar on monetary damages and the injunctive relief available is also limited in a variety of ways. To qualify for any of the limitations on liability, an entity must first qualify as an "online service provider." This term was defined broadly in the DMCA and most companies with an online

presence will qualify. The service provider must meet two additional requirements. The provider must implement a policy of terminating in appropriate circumstances the accounts of members who are repeat copyright infringers and it must accommodate standard technical measures that are employed to protect copyrights.

Other sections of the DMCA address copyright issues regarding computer maintenance or repair and provide for copyright protection of boat hull designs. Still other sections modify existing law to accommodate current digital music broadcasting technologies.

The Digital Millennium Copyright Act is the first of what will certainly be many legislative attempts to keep up with rapidly changing technology. It provides for civil and criminal remedies for copyright owners and it is considered by some to be a good effort to balance the rights of copyright owners and users. As is the case with all new laws, the specifics of these new laws and the changes to the law will be further clarified as the law is applied.

3.7 PROTECTION STRATEGIES

MINIMAL APPROACH

At a minimum, all copyrighted works which are distributed should include a copyright notice. It is not necessary to register the work with the Copyright Office before placing a copyright notice on the work. An acceptable copyright notice includes three elements: (1) the word "Copyright," the abbreviation "Copr." or the symbol "(c)"; (2) the name of the copyright owner, e.g., XYZ Corp.; and (3) the year of first publication of the work or the year of creation in the case of an unpublished work. It is also preferable to include the words "All Rights Reserved." Thus, for a book first published in 2004 by XYZ Corporation, the copyright notice would read:

(c) 2004, XYZ Corp. All Rights Reserved

The copyright notice should be placed where it reasonably will give notice to the public.

Including a copyright notice will at least provide those who see it with notice that you consider your work protected by the copyright laws. In some cases, that will provide sufficient deterrent to prevent copying. Because the cost to register a copyright is relatively nominal, it is also

recommended that any significant works be registered with the United States Copyright Office. If a work is copied and litigation for copyright infringement must be commenced against the infringer, having previously registered the works will provide advantages having value far in excess of the cost of registration.

Of equal importance to protecting copyrightable material is ensuring that the copyrights of others are respected. The avoidance of disputes is wise because litigation is expensive irrespective of who ultimately prevails. Developing a frequent consultation dialog with legal counsel regarding new products and marketing strategies is the most cost effective means for avoiding problems. By identifying potential problems early, design changes can be incorporated or permission sought before a company commits to a course of action which may infringe the copyrights of others.

MODEST APPROACH

For companies whose primary product lines depend principally on the copyright law for their protection, a more aggressive approach in pursuing copyright protection is warranted. For instance, a software development company should consider registering each major version of its software and user manuals.

Potential infringements should be investigated thoroughly to determine whether copyrighted works are being pirated. Often, such disputes can be quickly resolved simply by notifying the offending company of the impropriety of their actions.

When copyrights play an important role in a company's legal portfolio, employment contracts should be audited to ensure that they discuss ownership issues and the employees' duty regarding copyrights. Of particular importance is the relationship the company has with persons hired as non-traditional employees. In some circumstances, the copyrights in works created by these persons are not owned by the company because of the "work made for hire" doctrine. Thus, the company should have a written agreement with all such persons which specifically address copyright ownership.

AGGRESSIVE APPROACH

An aggressive approach to copyright protection would dictate that all copyrighted works within a company's product line be registered with

the United States Copyright Office. This might include computer software, instruction manuals, forms, art work accompanying a package design and any other features of a product which embody creative expression.

The implementation of a plan to police for copying in the market can also be instrumental in preventing the loss of company revenue through illegal copying. Some industries have organizations which provide this function. For example, in the software field, the Software Publishers Association (SPA) and the Business Software Alliance (BSA) provide a degree of enforcement for many instances of software piracy. In some instances, it may be necessary to retain a private investigation firm to monitor or verify infringing activities.

3.8 SUMMARY

Copyrights are designed to protect creative expressions. Although all creative works have some inherent protection under modern copyright law, registration of the copyright in the creative work is necessary for full protection and for some of the most appropriate remedies. Technological advancements have made infringing use of copyrighted material much easier and much more common. A consultation with a qualified intellectual property attorney is recommended to ensure the best protection for your copyrightable material.

4. TRADEMARK

The public is trademark conscious. Trademarks influence our daily lives and symbolize our system of free and competitive enterprise. We encounter them not only in the marketplace, but also in our work, recreation, reading, business and financial transactions, on the highways, and in every mode of transportation.

Most businesses encounter significant trademark questions. The selection of a strong trademark or service mark is a decision that may be critical to your business.

4.1 WHAT IS A TRADEMARK? WHAT IS A SERVICE MARK?

The most familiar trademarks are words and symbols used in association with a company's goods or services to distinguish those goods and services in the marketplace. It will be helpful to begin with a clarification of the term "trademark." Trademarks presently are defined under federal law as:

> *any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify and distinguish his goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.*

Importantly, there is a distinction between a trademark and a trade name. A trade name commonly is a company name used to identify a business, a vocation, or occupation. GENERAL MOTORS is the world-known trade name for a corporation, General Motors Corporation, which manufactures and sells products with trademarks such as CHEVROLET, CORVETTE, OLDSMOBILE, PONTIAC, and GMC. CHEVROLET is a trademark that is applied to particular goods (automobiles) which are sold by General Motors Corporation. If a trade name is used in conjunction with goods or services, it may also be a trademark or service mark.

The present definition of a service mark under federal law is: a mark used in the sale or advertising of services to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown.

A service mark is generally no different from a trademark, except that it is associated with services rather than goods. Service marks such as HERTZ, HOLIDAY INN, McDONALD'S, and TWA illustrate the extent to which service marks are used in the mainstream of commerce. For convenience, throughout this handbook the word "trademark" will be used in its broad sense to embrace both trademarks and service marks.

4.2 WHY ARE TRADEMARKS IMPORTANT?

Trademarks serve as the commercial identifiers symbolizing the goodwill developed in the goods or services of the business. A good trademark can have significant value to a company on the balance sheet as well as enhance a company's reputation and recognition in the marketplace. Additionally, trademark rights may be enforced against a party who later adopts and uses a mark that when considered in connection with the goods or services offered is likely to cause confusion, or to cause mistake, or to deceive.

Not all words, names, symbols, or devices may be recognized as trademarks. To be a trademark, the word, name, symbol, or device must be used to identify the goods or services with which it is used and also distinguish those goods or services from those of others. If a mark distinguishes the origin of the goods or services with which it is used from the origin of other goods or services of the same kind, then it is "distinctive." A mark may be distinctive when used in connection with one product (RED ROSE on tea) and not distinctive when used on another (RED ROSE on a rose bush).

A mark may lose its distinctiveness when it becomes the common or generic term for the goods or services. A trademark, even though distinctive in its initial use, may no longer be protected as a trademark after it acquires generic character. Many famous trademarks have lost their distinctiveness, including ASPIRIN, THERMOS, SHREDDED WHEAT, ESCALATOR, CELLOPHANE, NYLON, and many others. The owners of the trademarks XEROX, FORMICA, BAND-AID, and KLEENEX, are working very hard to avoid loss of distinctiveness.

4.3 WHAT DOES A TRADEMARK COVER?

Trademarks symbolize the goodwill and reputation of the owner of the mark. Rights under a trademark protect that goodwill and reputation against others using a mark that is likely to cause public confusion regarding the goods or services offered in connection with the mark. Trademark rights are potentially perpetual because they exist for so long as and to the extent the mark is used and trademark registrations can be renewed. Almost anything that is capable of distinguishing

goods or services from the goods or services of others can serve as a trademark if it is used prominently as an identifier.

4.4 WHAT A TRADEMARK DOES NOT COVER

Trademarks do not protect the underlying technology of the goods or services bearing the mark. For example, an unpatented tennis racquet bearing a trademark may be copied exactly by a competitor so long as the competitor does not use a confusingly similar mark on the racquet. Trademarks also do not cover generic or commonly descriptive terms. Trademarks are identifiers, therefore, trademarks should not be used as nouns or verbs.

4.5 HOW CAN TRADEMARK RIGHTS BE PROTECTED?

The most common way to protect ones trademark rights is to obtain a state or federal registration. However, even unregistered trademarks are entitled to common law protection.

Common law trademark rights are acquired through usage and are defined by the geographical area of use and the goods or services with which the trademark is used. Under common law principles, trademark protection normally extends only to the specific areas of actual usage of the mark.

Most states have trademark registration statutes which may offer statewide protection. Usually, the filing procedures are simple and inexpensive. Because the extent of review of the state trademark application is frequently merely checking the application for form and a quick computer data base search, marks that would not ordinarily pass federal registration standards may acquire state registration. Since rights in a trademark flow from its adoption and usage, a state registration usually provides little or no substantive rights to an owner that were not already possessed under common law principles. However, a state registration may provide evidentiary presumptions that can assist enforcement of the mark through litigation.

Federal registration of a qualifying mark, on the other hand, can provide the trademark owner with significant benefits. For example,

federal registration gives rise to a cause of action in the federal courts for trademark infringement and also access to procedures for stopping importation of goods bearing infringing marks. Perhaps the most valuable benefit of a federal registration is that it affords nationwide constructive notice of the owner's claim for the exclusive use of the registered mark in connection with its goods or services. Additionally, after a registration has been in effect for five years, the trademark registration may become "incontestable" (i.e., subject to cancellation only upon very limited grounds).

As recently as November 16, 1989, the United States implemented a dual system for trademark registration under which applications for registration may be filed on the basis of use or intent-to-use. Implementation of an intent-to-use system signaled a drastic departure from the traditional trademark law in the United States. Although other countries have had intent-to-use systems, the United States stubbornly held onto its usage-based trademark system until 1989.

Both intent-to-use and use applications undergo a comprehensive examination in the Patent and Trademark Office. If the trademark examiner, after a search, determines that the mark is distinctive and suitable for registration, the mark is passed through for publication. The mark is then published for the purpose of opposition, allowing members of the public to oppose the mark's registration if registration would cause injury. If no opposition is lodged, a use application will register while an intent-to-use application receives a notice of allowance. Although allowed, the mark in an intent-to-use application will not register and the applicant will not receive a Certificate of Registration until the applicant has established actual use of the mark in commerce.

One of the most significant aspects of the intent-to-use system is that filing of an application constitutes constructive use of the mark for the goods or services identified in the application. The constructive use afforded by statute has some limitations and is contingent on the mark being registered and fixes the registrant's nationwide priority rights in the mark from the date on which the application was filed.

Trademarks may also be registered in foreign countries. Priority in most countries is based on who was first to file, not on who first used the trademark. Foreign trademark laws also differ from United States law in other important ways, including the marks that may be

registered, the procedures and grounds for challenging an application or a registration, and the term of protection.

Another way that certain trademark owners can protect their marks is through the Federal Anti-Dilution Act. This act protects against the dilution of a trademark through inappropriate use by others, even without a likelihood of confusion. The act defines the term "dilution" as the "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of the famous mark and other parties, or likelihood of confusion, mistake, or deception."

Dilution occurs primarily in two recognized ways: blurring and tarnishment. Blurring is the whittling away of the distinctiveness of a mark by the unauthorized use of the mark on dissimilar products. Tarnishment is an unauthorized use of a mark which links the mark to products or services that are of poor quality or which are portrayed in an unwholesome or unsavory context that is likely to reflect adversely upon the trademark owner's product.

The Anti-Dilution Act protects marks that are famous. the factors used to determine whether a mark is famous include:

- the degree of inherent or acquired distinctiveness of the mark
- the duration and extent of use of the mark
- the duration and extent of advertising and publicity
- the geographical extent of the trading area in which the mark is used
- the channels of trade
- the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought
- the nature and extent of use of the same or similar marks by third parties

• whether the owner of the mark has a valid federal registration

Many states have also passed state anti-dilution laws which in most cases parallel the federal law.

State trademark registration, federal trademark registration, foreign trademark registration, trade name registration, and Internet domain name registration are related in various ways. But in general, one form of registration is not a substitute for another. Businesses should consult with competent legal counsel to determine which registrations are most advantageous given their goals and other circumstances.

4.6 TRADEMARKS AND THE INTERNET

With the rise of Internet usage and e-commerce, the protection of trademarks in cyberspace has become increasingly important. As Internet traffic and communication, and thus e-commerce, is directed through the use of domain names, many individuals and corporations have profited from registering popular trademarks as domain names. Unfortunately, not all of the people registering trademarks as domain names are the owners of the trademarks. Some of the domain name owners appear to have registered with the intent of selling the domain name to the trademark owner at inflated prices, others register the domain name for competition within the same market, while still others register domain names similar to popular trademarks hoping to divert traffic from the true owners (two recent examples include Gateway20000.com similar to Gateway 2000 computers and Porsch.com similar to Porsche automobiles). Regardless of the motive, many trademark owners have had to deal with these domain name owners that are commonly known as "cybersquatters." Historically, the courts seemed uncertain in their handling of this new area of trademark law and many trademarks owners paid large amounts of money to domain name owners to buy the infringing domain name. In 1999 however, the Anticybersquatting Consumer Protection Act (ACPA) was signed into law. This law was designed to provide greater protection to trademark owners on the Internet.

The ACPA provides for a new civil action against persons that register or use a domain name that is identical or confusingly similar to a

trademark that is distinctive at the time of registration of the domain name; or that is identical, confusingly similar to or dilutive of a famous mark at the time of registration of the domain name; or that consists of or is substantially and confusingly similar to the name of another living person without that persons consent. To protect innocent domain name registrants, the Act also requires a plaintiff under this act to show that the domain name registration was done in "bad faith." The Act sets forth various factors for the courts to consider in determining the intent of the domain name owner.

One of the most important parts of the ACPA is its provision for civil actions against the domain name itself, rather than the domain name owner, in what is called an in rem proceeding. It was a common practice of "bad faith" domain name registrants to provide false information to the domain name registrar so that they could not be found. This made it nearly impossible for trademark owners to initiate the civil action because they could not properly identify nor locate the defendant. Under the ACPA, trademark owners can now proceed in rem against the domain name after they have completed certain required steps to attempt to locate the domain name owner. Thus, the ACPA not only provides for a civil action but it also ensures that the trademark owner will be able to protect his rights, either against the "bad faith" registrant or against the domain name that was registered.

The remedies available under this new law are similar to those traditionally available under trademark law, such as injunctive relief and monetary relief for any actual damage that was caused. The ACPA also allows the trademark owner to opt for statutory monetary damages providing him with remedies between $1,000 and $100,000 per domain name. In addition, the ACPA authorizes the courts to order the domain name owner to transfer the ownership of the domain. Thus, the trademark owner in a successful civil action under the ACPA could receive control of infringing domain names and sizable monetary awards.

The Anticybersquatting Consumer Protection Act obviously provides many reasons to discourage potential future cybersquatters. It also provides many reasons for businesses to ensure that they are protecting their trademarks.

4.7 SELECTION OF A GOOD TRADEMARK

Contrary to popular belief, a word or combination of words need not be invented or coined to be a good trademark, and in fact, most marks are not invented or coined. However, a good mark must be capable of differentiating the goods or services from those of others. Words that are either the generic term or a term that describes the nature or characteristics of the goods or services are not good choices as marks, because they may either be incapable of or have difficulty in distinguishing the goods or services from those of others. Although marks that are somewhat non-distinctive may become eligible for trademark protection through secondary meaning, establishing secondary meaning in a mark requires prolonged, exclusive use of the mark. A mark that has acquired secondary meaning serves to indicate the origin of the goods upon which it appears, rather than simply referring to the article itself. Many times in selection of a trademark, the owner falls prey to a desire to adopt a catchy name or phrase or use terms that will tell the public just what type of business, goods, or services the owner is offering. Although such a selection may please the marketing department because it makes their advertising job easier, the adoption of a weak or unprotectable mark is usually ill-advised. Consequently, it is extremely important to select a mark that can develop into a strong mark around which a business can build a solid foundation.

Another consideration when selecting the name of a trademark is its availability as a domain name. Domain names are merely Internet addresses. Minor modifications to a domain name may allow a second domain name to be registered despite a very similar first domain name. Domain names are not analyzed for confusing similarity, which is the test for who may or may not use a trademark. If you are planning to do business, or simply advertise, over the Internet, it is a good idea to check the domain name that matches your trademark for availability. It is also a good idea to check domain names that are close, but not identical to you trademark.

4.8 STRENGTHENING TRADEMARK RIGHTS

MINIMAL APPROACH

- A trademark should always be fully capitalized when referenced in text. For instance, write “JELLO” rather than “Jello” or “jello.”

- Do not use the trademark as a noun. Instead use the trademarks as a proper adjective in connection with a generic term for the product. For instance, write “this JELLO gelatin is cherry flavored” rather than “this Jello is cherry flavored.”

- Do not use the trademark as a verb. For instance, write “please make a XEROX copy of this paper” rather than “please xerox this paper.”

- Do not abbreviate or alter the trademark.

- If the trademark is federally registered, indicate such with the (r) (Circle R) symbol near the first use of the mark. Otherwise (including state registrations), place a _ near (either superscript or subscript) trademarks for products and an SM near service marks for services.

- A notice credit should be placed to provide legal notice of the ownership of the mark. Such notice credit may be placed in fine print at the bottom of the page containing the mark, or another readily visible location. The notice may take several forms, such as “CHEVROLET is a trademark of General Motors” or “CHEVROLET is a registered trademark General Motors” as appropriate.

- As soon as a mark is selected, it is advisable to have a trademark search conducted. A search can be invaluable in avoiding possible future conflicts with the same or similar mark being used by someone else. Also, the problems that can occur for a new business as a result of adopting a mark that cannot be enforced or that must be changed at the insistence of an earlier user can be devastating.

MODEST APPROACH

- Adhere to the precautions and advice listed under the Minimal Approach above.

- As soon as a mark is selected and searched, file an intent-to-use application for federal registration of the mark if the mark will not be used immediately.

- If a mark is already in use or soon will be used, file an application for federal registration.

- If a mark will be used as an Internet domain name, file an application for InterNIC registration.

- Prepare and implement a written policy for maintaining quality control of the use of your marks.

- Consider and begin developing a portfolio of marks that carry a consistent theme. A classic example of a family of marks is McDonald's "Mc" family which includes "McDLT," "McNuggets," "McMuffin," and "McKids."

- Consider foreign filing of marks likely to be used in foreign markets. Each country has its own trademark laws and registration schemes, but almost all foreign countries have a first-to-file priority. However, various treaties may permit a foreign applicant to use the filing date for the application filed in the United States if the foreign application is filed within six months of filing the domestic application.

- Consider filing for one or more domain names that incorporate your mark or similar marks.

AGGRESSIVE APPROACH

- Adhere to the precautions and advice listed under the Modest Approach above.

- Adopt and implement a carefully planned foreign trademark policy.

- Conduct a regular trademark audit of your facilities to determine usage of marks and make certain that each mark is adequately being protected by appropriate registration.

- Adopt an enforcement program that is designed to develop a reputation in the marketplace that you will vigorously enforce your marks. This enforcement program should include the transmittal of cease and desist letters to infringers and litigation if necessary.

- As part of your enforcement program, engage a watch service to monitor the publication of marks (all applications for federal registration on the Principal Register are published for opposition) that you may wish to oppose because of the likelihood of confusion with one of your marks.

- Regularly check for confusingly similar or infringing uses of your marks on the Internet.

- When appropriate, adopt a formal licensing program for the use of your marks by others. This program should include comprehensive licensing agreements and active policing of the use of the marks.

- When appropriate, record federally registered trademarks with the United States Customs Service. This allows line officers at various ports to spot check incoming shipments for counterfeit or infringing goods which, if found, can be detained before entry into the United States.

4.9 SUMMARY

Trademarks are one of the best ways to distinguish your company's goods and services from those of your competitors. They are commonplace in the lives of every American and can act as self-perpetuating advertisements. With these positive characteristics, it is easy to see the importance and value in developing and protecting your company's trademarks. Though trademarks receive some protection from the

common law through usage, greater protection has been provided. The company with a good trademark can see that the value in registering a trademark is far greater than the cost of registration.

5. TRADE SECRETS

5.1 WHAT IS A TRADE SECRET?

Any information that is not generally known, which provides a commercial advantage, and is being maintained in secret, is a trade secret. For instance, client lists, business plans, secret processes, certain aspects of computer programs, contents of pending patent applications, and chemical formulations are just a few of the many different kinds of trade secrets. Knowing which research avenues will prove fruitless or what not to do can also be a trade secret.

5.2 HOW CAN TRADE SECRETS BE PROTECTED?

Trade secret law can be an important tool in protecting information that gives a company its competitive edge. If the information can be kept secret, trade secret protection may be obtained more quickly and at less cost than patent protection. Additionally, trade secrets can cover information, such as client lists, that is not patentable. Trade secret protection may also extend to matter that is not protectable under copyright law, such as ideas, facts, and methods of operation.

5.3 WHAT CAN BE PROTECTED BY TRADE SECRET?

Unlike patent law and copyright law, trade secret law varies from state to state. However, Utah and most other states have adopted some version of the Uniform Trade Secrets Act. That Act, like other trade secret laws, protects valuable business secrets against misappropriation by theft, espionage, or other improper means.

Information is not protected under trade secret law unless reasonable steps are taken to keep the information secret. What steps are adequate depends on the circumstances. Generally speaking, however, reasonable steps serve to warn those with legitimate access to secrets that they are obligated to maintain the secrecy, and serve to make it difficult (but not necessarily impossible) for others to gain access. Possible measures are discussed further below.

Because patents are public, nothing in a patent application is a trade secret after the patent application is published under the American Inventor Protection Act. However, material in the application may be a trade secret before it is published. Moreover, so long as the best mode for practicing the invention is disclosed in the patent application, certain material which is useful in connection with the patented invention but which is not revealed in or covered by the patent may remain a trade secret even after the patent issues. For instance, the software used to control a piece of patented hardware may be a trade secret even after the hardware patent issues from the Patent and Trademark Office.

5.4 WHAT A TRADE SECRET DOES NOT PROTECT

Trade secret protection does not extend to prevent competitors from gaining secret information by legitimate means. Two common legitimate means for gaining trade secret information are independent discovery and reverse engineering. If a suit for misappropriation of trade secrets is brought, chances are very good the defendant will argue one of these two defenses.

Unlike a patent owner, the owner of a trade secret has no recourse against someone who discovers the protected matter independently. For example, a patent owner of a patent for a process of manufacturing printed circuit boards has a cause of action against someone else who independently discovers and uses the same process. Patent rights can prevent that person or anyone else from using the process, even if that person has never read or even heard of the patent.

By contrast, suppose the process was not patented, but that reasonable steps had been taken to maintain the process as a trade secret. If someone else independently discovered the unpatented process, they can use it. Thus, although in theory trade secrets can last forever, in practice

many trade secrets have a limited life. The life span that a trade secret will enjoy is unknown, because one never knows when someone else might discover the secret on their own or through legitimate means. A holder of a trade secret likewise has no recourse against someone who legitimately obtains the product and extracts its secrets by reverse engineering. For instance, suppose a competitor buys one of the printed circuit boards manufactured using the secret process and is able to learn the secret process by studying the board. The competitor is then permitted by law to use the process.

Additionally, an employee's general knowledge or "tools of the trade" cannot be legitimately claimed by an employer as a trade secret. To permit this would unfairly restrict the employee's freedom to make a living by practicing his or her chosen professional.

The line between general knowledge and trade secrets is sometimes difficult to draw, but these two examples may help. Sales techniques learned at a national conference open to any business are not trade secrets, while a client list ranked in order of receptiveness to prior promotions probably is a trade secret. Likewise, knowledge of a programming language such as C++ or LISP is a tool of the trade for a computer programmer, but an algorithm devised by another employee for validating passwords may be a protectable trade secret.

Despite these limitations, trade secret protection is often worth preserving. Many valuable secrets are difficult to discover independently, expensive to reverse engineer, or both. Such secrets are worth some measure of protection. Unlike patent or copyright protections, which are administered by the government, the level of protection for trade secrets depends mainly on your ability to keep your valuable information secret.

5.5 PROTECTION STRATEGIES

MINIMAL APPROACH

At a minimum, reasonable precautions must be taken to maintain the secrecy of any information preserved as a trade secret. The steps taken need only be reasonable. They do not need to provide perfect security. For instance, you are not required to prevent a competitor from flying over your new plant and photographing it during its construction. Nor

does your trade secret protection evaporate if someone burglarizes your safe (unless such burglaries are so common in your industry that any reasonable person would have taken additional steps to prevent them). Some minimal reasonable steps to protect trade secrets include:

- Warn employees not to reveal your trade secrets.
- Warn employees not to reveal to you the trade secrets of others.
- Clearly label documents that contain trade secrets.
- Lock away documents that contain trade secrets.

MODEST APPROACH

- A more comprehensive approach to trade secret protection may require, in addition to the minimal steps taken above, the following steps:
- Require employees to sign confidentiality agreements.
- Promulgate a written company policy on confidentiality.
- Conduct exit interviews with employees who terminate their employment.
- Require nonemployees such as consultants or independent contractors to sign confidentiality agreements.
- Require nonemployees to sign in and be escorted through the facility, or entirely barring nonemployees from certain areas within a facility.
- Institute sign in and sign out procedures for gaining access to confidential information.

AGGRESSIVE APPROACH

- A more aggressive approach to protecting trade secrets may include additional measures such as:

- Place trade secret provisions into licensing agreements (for example, in a software license, prohibit disassembly of the object code).

- Adopt an aggressive enforcement program to preserve trade secrets by warning misappropriators in writing, or by bringing suit in court seeking an injunction against improper use, compensation for the improper use, attorneys' fees, and punitive damages.

- Install guards, fences, or other physical barriers.

5.6 SUMMARY

Trade secrets may provide a competitive edge that is worth protecting. The reasonable steps needed for effective protection can be relatively easy and inexpensive. Moreover, trade secret law may protect matter that is not protected by patent or copyright law. In short, trade secret law often provides a cost-effective way to stay one step ahead in today's competitive market.

6. COMPUTER LAW

6.1 WHAT IS COMPUTER LAW?

Computer law is a very broad topic because computers are used in more and more industries resulting in a corresponding increase in the cases in which legal issues must deal directly with computers and their influence. A small sampling of the legal areas involving computers includes: computer systems and sales contracts, licensing of computer technology, computer crime, computer and information services contracts, fraud and computer related torts, electronic transactions, information products and electronic publishing, privacy, disclosure and access to information.

With regard to intellectual property, computer and information technology has seen some significant changes within the last few years. These changes are largely a result of the law working to manage two conflicting interests.

These interests relate to the age old issue of deciding how to encourage innovation.

On one hand, scholars suggest that innovation, in such an influential field as computer technology, is best promoted by allowing the public to freely use and build upon the work of others. They hold the LINUX computer operating system up as their poster child. This operating system was developed originally through a single programmer's efforts. He then made the source code available to a community of programmers who then made suggestions and developed code to fix bugs and improve the system. Now, this operating system competes with corporate giant Microsoft's Windows NT for the market of networked personal computers.

Computers permit man to solve problems much faster, and efficiently than before. Other problems, previously unsolvable, may now be solved because of a computer's speed and ability to manage complexity without making mistakes. However, computers are simply machines which at their most rudimentary level add, subtract, multiply, and divide numbers. The power of computers lies in the ability of programmers to instruct the computer to perform a series of tasks.

Programmers are humans. They are susceptible to the same mistakes and errors as other fields of technology. The difference is that the programs written to instruct the computer quickly become too complex for the programmer to follow. One small mistake may have very dangerous consequences. Tedious tracing through the code and special debugging tools are required to identify where a programmer has made a mistake in the program.

Therefore, because of the complexity and difficulty in identifying and avoiding future errors in a computer program, scholars and computer purist declare that innovation is best achieved by allowing all in the field and the public at large to cooperate to fix and improve computer programs. They suggest that all computer code, ideas, and inventions should be available to all, much like a library. They argue that the thrill of solving a difficult, complex, and technical problem is the proper motivation for innovation.

On the other hand, there are those who believe that innovation requires an incentive. Businessmen and industrialists advocate the patent system and other similar laws which provide protection to the inventor. They suggest that few inventors, particularly in such a popular technol-

ogy as computers, posses the benevolent sharing attitude suggested by the scholars. They suggest that our competitive economy coupled with little incentive to disclose the invention, aside from the reward of solving a problem, will encourage programmers to keep their code secret. Large amounts of time and resources would be invested in protecting the code by encryption as well as other security measures.

If the patent system or some form of intellectual property legal protection for disclosure did not exist, programmers would likely protect their ideas as trade secrets. Of course the motivation to protect the idea is so the inventor may make a profit. Those in the field may never find out what the programs are doing to work so effectively, aside from reverse engineering the program. This threat of reverse engineering and the work involved in keeping the program a trade secret would severely limit progress in the field.

Over the years, countries have struggled with this issue of how to encourage innovation in a budding computer field. Historically, in the United States there has been a shift from little protection to complete protection for the ideas, methods, and systems of computer systems and the programs running on them. However, the computer industry is not much different from other new areas of technology. Commentators often draw parallels between the struggles the courts have had in applying the intellectual property laws to computers to the struggles in other relatively young areas such as biotechnology.

Today, the intellectual property laws are enforced and interpreted such that computer systems and programs receive a high degree of protection under the law. Computers and programs may be protected by trademarks, trade secrets, copyrights, and patents.

6.2 TRADEMARKS

Just like any other product or service, a trademark or service mark may be registered for computer software and hardware. However, drawing the line between seeking registration for a trademark or a service mark may be difficult. For example, a computer software program may be written to allow users to fill out and file their tax returns using a web browser. Is this a service or a product? Arguments may be made for either. So, the best approach may be to apply for a trademark and a

service mark registration

Other cases are clearer. A software program, which is installed on the user machine and executed, is clearly a product. Likewise, a website which allows one to archive data to the web server for safekeeping is more likely deemed a service.

Beyond the trademark or service mark determination, the remaining question is how to describe the goods. More computer and software related trademark descriptions are being accepted. And with the ability to search which descriptions have already been allowed, using the PTO database, this issue is becoming less and less important.

6.3 TRADE SECRETS

As with trademarks, the fact that the subject of a trade secret relates to computer hardware or software is not really very critical. The same steps must be taken to treat a product, software, or information as a trade secret.

Originally, a computer program like any other idea could be protected by trade secret. However, trade secret protection may not be the most desirable because of the nature of computer software. Unlike a Coca-cola recipe or cookie recipe, a computer program can be reverse engineered and examined such that one could essentially recreate the original logic and flow of the computer program. This is generally not done by normal users. However, programmers generally have the means and wherewithal to perform these tasks. Therefore, trade secret protection may not be the best answer.

6.4 COPYRIGHTS

Copyright law generally does not apply to computer hardware such as keyboards, monitors, and disk drives. However, copyright protection has been available for the electronic Very Large-Scale Integration (VLSI) circuit designs used in computer chips and semiconductor chips often found in a computer.

Copyright law is one of the first areas of intellectual property that began to afford protection to software. Software is considered an art

within the Copyright statutes which is captured in a tangible medium when the computer program is written. The computer program is of course translated into a machine language which allows the computer to execute and perform the operations of the software.

One limitation in software copyright protection is that ONLY the tangible work is protected from duplication. Ideas, methods, logic flows, algorithms, and the like are not protected under copyright law. Those experienced in programming recognize that an algorithm or idea may be implemented in a variety of ways. These different implementations result in a computer program that technically is different from the copyrighted program. By writing a computer program that accomplishes the same result using different programming code, the programmer may get the benefit of the idea or algorithm without literally infringing the copyrighted program.

However, the analysis is not this simple. One may be found to have infringed a copyrighted computer program even in cases where the code is not an exact duplicate. The copyright statute allows software to be copyrighted. However, interpretation of what the statutory language means when applied to software is still being determined by the courts. Copyright law is not yet settled regarding issues such as 'fair use', "derivative work', functionality limitations, and other issues relating to software. This uncertainty may be a deterrent to seeking a registered copyright for computer software. However, the procedure for registration is relatively straight forward and inexpensive so the costs associated with this uncertainty are generally not too high.

6.5 PATENTS

Computer law related to patents was discussed earlier in the section on patents. It is important to remember that computer hardware has always been patentable subject matter and is treated the same as all products. Potentially more important are the changes that have recently allowed computer software to be patentable. Computer software coupled with hardware is patentable, and more recently computer software that produces some tangible result has become patentable as well. Though software per se has become patentable, there are still many rules and complexities that can hinder the process of obtaining a valid computer patent.

6.6 SUMMARY

Computer law is a very broad topic. The Internet, computers, computer circuits, websites, digital music, Internet telephony, software piracy, computer software in all its variations are but a few of the many areas with ties to computer law. The above discussion is meant to point out of some of the issues which may be of primary interest and concern. However, for each computer law related issue a number of additional issues surface as the tip of this iceberg is explored by client, practitioner, and the courts alike.

7. INTERNATIONAL PROTECTION OF INTELLECTUAL PROPERTY

7.1 TERRITORIAL TREATMENT OF INTELLECTUAL PROPERTY RIGHTS

Each nation typically has its own laws governing the protection of intellectual property. The rights granted by one nation do not extend beyond the nation's border. As a result, one must secure intellectual property rights in every individual nation of interest. Generally, foreign intellectual property protection should take place only in those countries where one is or is planning to actually market goods or services. Because foreign intellectual property protection is usually expensive, the decision whether to file foreign patent or trademark applications must balance the cost of filing against the anticipated market value.

7.2 PATENTS

Most foreign nations are "absolute novelty" countries which, in practical terms, mean a patent application must be filed before any public disclosure of the invention. Fortunately, almost all commercially significant foreign nations are members of the Paris Convention -- an international union which facilitates foreign patent filings.

Under the Paris Convention one may file patent applications in member nations after public disclosure of the invention if a patent application was initially filed in a member nation before the public disclosure and the subsequent patent filings are made within a year of that first patent filing. Thus, if a company files a patent application covering a new invention before the first public disclosure of the invention, foreign patent application filings can be postponed until a year after the original filing date.

The ability to postpone filing foreign patent applications is a tremendous benefit. Otherwise, a company would be forced to file domestic and international patent applications before a new invention is even marketed.

The Patent Cooperation Treat ("PCT") provides a system which facilitates obtaining patent protection in many important markets around the world. Under the PCT, a single international application is filed which "designates" the various nations for which regular national filings are desired. Each international application receives an international search. The applicant may optionally request that the PCT international application receive an international preliminary examination and obtain an opinion whether the claimed invention meets standardized patentability criteria.

With the international search report and the international preliminary examination report, the applicant is in a much better position to decide whether to file national patent applications in the various designated patent offices. Only if the applicant is convinced, in light of such reports, that it is worthwhile to seek patent protection in the various countries, will it be necessary to pay the national filing fees, the translation costs, and foreign patent agent fees. This needs to be done thirty months from the original priority patent filing date. Thus, under the PCT, the decision and cost of filing national patent applications can be postponed for an additional eighteen months beyond the Paris Convention filing deadline.

The European Patent Convention or "EPC" is a system to make protection of inventions in Europe easier, cheaper, and more reliable. The EPC provides a procedure for the searching, examination, and grant of a European patent having effect in one or more European nations. Under the EPC, a single application is filed with the European Patent Office or "EPO" which "designates" the various European nations

for which patent protection is desired. The application is searched to identify relevant prior art. The applicant may request that the European application be examined. During the examination phase of a European patent application, arguments and amendments can be made to obtain allowance of the application. Once the European patent is granted, the applicant must then validate the patent in any or all of the nations originally designated. A European patent confers on the applicant, in each designated country for which it is granted, the same rights as would be conferred by a separate national patent granted in that country.

A few simple steps can dramatically improve the effectiveness of foreign patent efforts.

1. Do not commercially use or disclose information about the invention before filing a U.S. patent application. Small businesses often disclose information about the invention to evaluate market potential and to attract interest or funding. But non-confidential disclosures or sales of the invention before a U.S. application is filed may limit or bar the ability to obtain foreign patents for the invention.

2. Understand and comply with deadlines established under U.S., foreign, and international laws. Specifically, the Paris Convention requires foreign patent applications to be filed within one year of the first-filed patent application for the invention. Most foreign countries require payment of annual maintenance fees at specific deadlines. Some foreign countries require other steps, like requesting examination, within specified deadlines.

3. Develop a sound foreign patent strategy based upon a careful review of long-term business plans and foreign market interests. Regularly review foreign patent holdings and assess whether the business value provided by the patents justifies their annual maintenance costs, and abandon foreign patents and applications that lack sufficient value.

4. Assess the nature and patentability of the invention when deciding to file foreign patent applications. If the invention is a core item

or very important to the company's business, then foreign patents may be justified. Similarly, if the technology or invention is unlike anything on the market and provides substantial cost or functional benefits, then foreign patents may be justified. Inventions with a short lifespan or of marginal improvement may not warrant foreign patents. Some technology may not be patentable abroad, such as certain types of software or biotechnology and medical treatments.

Foreign patent decisions are complex because of the many factors and issues that must be weighed before deciding whether the investment in foreign patents is appropriate. Businesses that carefully apply sound foreign patent strategies may obtain meaningful patent protection that will produce a return on investment.

7.3 TRADEMARKS

Trademarks may be registered in foreign countries in much the same way as they are registered in the United States, that is, by filing an application for trademark registration with the trademark office of the foreign nation. If goods or services bearing trademarks are sold or there is an intent to sell such goods or services in foreign markets, then it may be advisable to register the marks in those foreign countries.
The Paris Convention may be used to gain the benefit of an earlier United States filing date if foreign trademark applications are filed within six months from the original United States filing date.
Unlike patents, public disclosure and domestic use of a trademark does not affect the ability to obtain foreign trademark protection. Foreign trademark rights are generally given to the first party to apply for the trademark ("first-to-file"). Before marketing a product in a foreign country, one should investigate the freedom to use any trademarks associated with the product in the country.
The European Community Trade Mark Convention is a useful procedure for obtaining trademark protection in Europe. Under this convention, a single application is filed, which if registered as a Community Trade Mark ("CTM"), will extend to all countries that are members of the European Union ("EU"). Use of the CTM in one country is sufficient to maintain the trademark in all member

countries. The CTM registration is granted, renewed, assigned, surrendered or revoked for the whole of the European Union. If there is a prior conflicting trademark in one or more member countries, the CTM application or registration will fail, but it may be converted into national applications in other member countries without loss of priority or seniority. Advantageously, a CTM registration can be enforced in a single legal action to restrain infringement in all of the EU countries.
A CTM application should be considered if one is already planning on filing national applications in three or more EU countries. Similarly, a CTM registration should be considered to consolidate several national registrations of a mark into a single CTM registration, so that maintenance is easier and less expensive. A CTM registration is also useful to block registration of a mark in any EU country by another party (bearing in mind that a registration will normally be granted to the first party to apply). Finally, a CTM registration should be considered when rights in existing registrations in one or more EU member countries are vulnerable to revocation for non-use.
Another recent international convention, The Madrid Agreement on the International Registration of Marks or the "Madrid Protocol," also facilitates international trademark protection. To be eligible to file an application under the Madrid Protocol, the applicant must be a resident of a country (or have a real and effective industrial or commercial establishment in that country) which is a member of the Madrid Protocol and have a registration (or an application which matures into a registration) in that country. The United States recently became a member of the Madrid Protocol. Currently, trademark protection under the Madrid Protocol is available in the European Union, Eastern Europe, Russia, some Asian countries, and some African countries.

Under the Madrid Protocol, a single registration may be obtained covering a substantial number of countries. A distinct advantage of an international registration under the Madrid Protocol is that it may be assigned and renewed centrally. Unlike a CTM, an International Registration under the Madrid Protocol does not fail because of a prior right in one or more member countries. That country or countries may be omitted or a restriction on the specification of goods or services may be made in these countries without affecting the scope of protection in other countries. Only if the registration in the country of origin

is successfully attacked within an initial five year period will the International Registration be cancelled, but, like the CTM, it can be converted into separate national applications. Unlike the CTM, use of the trademark in one country does not extend to all member countries under the Madrid Protocol.

7.4 COPYRIGHTS

The most common basis for protecting copyrighted works internationally is through either of two multilateral copyright treaties -- the Universal Copyright Convention or the Berne Convention for the Protection of Literary and Artistic Works. Although these conventions dominate international copyright relations, bilateral treaties and special arrangements between the United States and other countries continue to be important, particularly for works that originate in the United States and were published before the Berne and Universal Copyright Conventions came into force. Basically, if the copyright to a work is registered in the United States, it may also be registered in other countries which are parties to one of the foregoing treaties.

7.5 SUMMARY

If products or services covered by intellectual property are to be sold internationally, it is advisable that international protection of that intellectual property be considered. Early competent advice on international protection for intellectual property can avoid unintentional loss of valuable intellectual property rights.

Part 2

LAYING A SOLID BUSINESS FOUNDATION

8. YOUR VISION

Successful businesses do not happen by accident. Considerable thought and concern are key ingredients in building a business. Each innovative business was the vision of someone or some number of persons before it was created. Your vision defines what type of business you hope to build.

Although your vision defines your expectations, growing your business requires more than thought and concern. A common mistake made by entrepreneurs is a failure to adequately define where the business is going. Goals and values for the business are essential. Many problems can be avoided by implementing sound management of goals and values.

8.1 MISSION STATEMENT - PURPOSE AND GOALS

A critically important management tool for the start-up business is the development of a meaningful mission statement and written goals. In short, the mission statement and goals describe "your vision" for your business. Time invested in thoughtful development of a mission statement and goals is time well spent.

Once developed, your mission statement and goals form the guiding principles by which the business operates. Mission statements and goals streamline decision-making. Often the choice most consistent with growing your business becomes clear after careful consideration of the issue and reflection upon how the alternatives square with the mission statement and goals. Amazingly, the mission statement and goals developed in the early stages of the business frequently serve to remind management what is really important and point the company in its desired direction.

Failure to develop a mission statement and goals robs the company of a valuable framework. As a result, every decision, from hiring staff to protecting intellectual property, is difficult.

In this regard, numerous excellent books, tapes, and seminars are available in the marketplace today. Such resources are well worth the investment of time and money.

With goals and a mission statement firmly rooted in the fabric of your business, decisions regarding intellectual property needs and advisability are more easily made. If your business relies upon developing new products, patents and trademarks may be valuable, but copyright protection may be less important. If your primary product is creative or artistic, copyrights will likely dominate your intellectual property portfolio.

9. YOUR VEHICLE

The vehicle referred to here is the infrastructure you create to carry you in pursuit of your vision. It is the nuts and bolts of running an efficient business. Successful businesses are carefully planned and steered toward predetermined goals and objectives.

A common mistake made by start-up technology companies is to believe that their technology is so great that customers will beat a path to their door regardless of effort. Unfortunately, technology is rarely that business friendly. Technically trained founders of such start-up companies sometimes lack business training or experience and do not recognize pitfalls in operating a start-up business. Everyone has certain talents and those talents may be crucial for the success of the business. Not everyone, however, has management or administrative skills or business savvy. The smart start-up company recognizes its deficiencies and seeks assistance from those who can help.

9.1 CAPITALIZATION AND CASH FLOW

The fuel upon which your vehicle runs is its capitalization and cash flow. Understanding where your income is to come from and how and when it will flow into the company is a skill that someone in the company must exhibit. If a company does not have that skill, investment capitalization will be difficult to generate and the company may soon run out of fuel. The capitalization required for each business differs and depends on the amount of cash flow the company can generate. Failed businesses frequently were under-capitalized or were cash flow starved. We do not know what capitalization or cash flow you will require or can generate, but if you plan to live within your means and stick to that plan, your likelihood of success beyond start-up will greatly increase.

9.2 IDENTIFY WHAT IT IS YOU HAVE TO SELL

Whether you sell services, manufacture a product, or sell a product manufactured by someone else, a full understanding of what you sell is important. The identification of what it is that you have to sell frequently is more involved than identifying the obvious. For example, a cellular phone company that believes that it sells phones and telephone services has a limited market, while a cellular phone company that believes that it sells “time” and “freedom” and “flexibility” has a market as big as its imagination will allow.

Whatever you have to sell, it must be something that the marketplace wants or needs either now or in the near future. Be realistic in your assessment of those wants and needs.

What makes your product or service unique? Why would someone buy it instead of the product or service of another? The better you understand your product or service, the better you will be able to understand why it sells or why it does not sell.

9.3 IDENTIFY YOUR LIKELY MARKET

In identifying your likely market, you should come to understand the profile of your customers. Who will be your customers? What are the likely demographics for your customers? Are they male or female, large or small businesses, or are they in a particular age group, or do they reside in a particular part of the country or world? Are your likely customers presently buying the same or a similar product or service? If so, why should they buy your product or service?

Are there competitors? If so, are they direct competitors or indirect competitors? Why are they in the market? How well are they doing? What are they doing well or not so well? How are you going to provide a better product or service?

Small businesses often make the mistake of identifying a huge market and assuming that there will be no competition in serving this huge market. This analysis is unrealistic for a number of reasons. For example, a small start-up company is likely incapable of serving a worldwide, or even a national, market from the beginning. Market development takes time. If the market is actually huge, expect competition. Therefore, be realistic and assume that others in your business will at least consider competing with you for the target market.

These inquiries and considerations are not intended to outline a comprehensive analysis of the market, but they do raise some fundamental issues that should be addressed. If you understand how and why the marketplace reacts to your product or service, you will be better able to be proactive in the marketplace.

9.4 YOUR LOGISTICAL NEEDS

In evaluating your capitalization and cash flow needs, you must consider your equipment and other logistical needs. These shall be real needs, not just wants. Ask yourself: Do you really need that extra personal computer or that posh downtown location? Where can you get computers, network equipment, desks, tables, chairs, a phone system, a fax machine, etc.? What overhead is associated with maintaining a facility, acquiring needed equipment and supplies? Is it better to lease or to buy your equipment and satisfy your facility needs? How will you track your income and expenditures? What type of billing system will maximize timely payment? How many employees are needed, and what functions will they perform? What means of distribution will be most effective? These types of questions, and many more, are fundamental to a well-considered business plan. Unless you fully consider all facets of your start-up business, your vision will never be more than an unrealized dream.

Do not be afraid to seek assistance from those who have experience and expertise. Carefully select from whom you seek advice and how much

you can afford to spend for that advice. When evaluating liability or tax concerns, seek competent legal counsel specializing in those fields. When selecting the type of business entity that best suits your needs, whether it be a corporation, partnership, proprietorship, or some other type of entity, seek an expert who is experienced in recognizing and explaining the advantages and disadvantages of each. When addressing ownership concerns, particularly the ownership of the intellectual property developed, get the ownership issues reduced to writing with the assistance of competent counsel.

9.5 LEGAL RESTRICTIONS

In analyzing your vehicle, take a close look at any legal restrictions on your right to enter the market. Initially, you should audit your staff to make certain that none of them are under non-competition covenants with former employers. If they are, now is the time to deal with the situation. Review the contract that imposes the covenant not to compete to determine its scope. Seek the opinion of legal counsel so that you do not find that your company is liable to a former employer of one of your employees or, worse yet, find that the former employer has an ownership interest in your company's technology.

In this regard, remember that several states strictly enforce non-competition agreements. As a result, you cannot rely on the belief that covenants not to compete are unenforceable.

Carefully review regulatory restrictions on your right to do business. Start-up businesses often find that they are unexpectedly required to deal with FDA or EPA regulations. Failure to determine if a regulatory scheme applies or to plan for regulatory compliance can be disastrous for the start-up business.

9.6 DISTRIBUTION

It is also important to evaluate how you plan to place your product or service into the marketplace. The means for distribution, whether you hire a sales force, use independent representatives, create a retail outlet, use a wholesale outlet, franchise, or sell through mail order, deserves

careful consideration. Who are your likely customers and what are their buying habits? How do you let them know that you exist? How do you maximize sales with a minimum of expense?
The business you build can only go as far as your vehicle will take it. Spend time and effort in formulating a solid vehicle.

Part 3

Intellectual Property Prospector's Kit

UNIQUE DEVICE

Examples: *Computer hardware, machines, electronic circuit, etc.*

Describe the Device: _____

_____

_____

Type of Protection: *PATENT (20 years from the patent application filing date)*

Cost of Protection: *Relatively High*

Scope of Protection: *Ranges from narrow to broad*

Time to Obtain Protection: *Relatively Long (no patent protection until patent issues)*

Important Events:

* Date idea of device conceived: _____
* Date device first made: _____

(Are these dates documented? If not, DOCUMENT THEM.)

** Date first publicly used: _____
** Date first publicly disclosed: _____
** Date device first offered for sale: _____
** Date device first sold: _____
* Dates to establish date of invention. _____

** Dates that could prevent patent protection. *(Bar to patent protection if event occurs more than one year prior to filing patent application.)*

What is the commercial significance of the device? _____

_____

What is the likely commercial life of the device? _____

Do the commercial significance and commercial life of the device justify the expense of obtaining and enforcing patent protection?

_____

Is this a device that can be maintained a secret? _____

_____

If so, consider value as a trade secret.

UNIQUE PROCESS

Examples: *Computer software, processing techniques, method for making products, etc.*

Describe the Process: _____

_____

_____

_____

_____

Type of Protection: *PATENT (20 years from the patent application filing date)*

Cost of Protection: *Relatively high*

Scope of Protection: *Ranges from narrow to broad*

Time to Obtain Protection: *Relatively long (no patent protection until patent issues)*

Important Events: _____

* Date idea of process conceived: _____
* Date process first used: _____

(Are these dates documented? If not, DOCUMENT THEM.)

** Date first publicly used: _____
** Date first publicly disclosed: _____
** Date process or product from the process first offered for sale: _____
* Date process or product from the process first sold: _____
* Dates to establish date of invention.

** Dates that could prevent patent protection. *(Bar to patent protection if event occurs more than one year prior to filing patent application.)*

What is the commercial significance of the process? _____

_____

What is the likely commercial life of the process? _____

_____

Do the commercial significance and commercial life of the process justify the expense of obtaining and enforcing patent protection?

_____

Is this a process that can be maintained a secret? _____

If so, consider value as a trade secret.

NEW CHEMICAL COMPOUND

Examples: *Circuit cleaning fluid, new metallic alloy, new polymer, etc.*

Describe the Compound: _____

_____

Type of Protection: *PATENT (20 years from the patent application filing date)*

Cost of Protection: *Relatively high*

Scope of Protection: *Ranges from narrow to broad*

Time to Obtain Protection: *Relatively long (no patent protection until patent issues)*

Important Events:

* Date idea for the compound conceived: _____

* Date compound discovered and found to be useful: _____

(Are these dates documented? If not, DOCUMENT THEM.)

** Date first publicly used: _____

** Date first publicly disclosed: _____

** Date compound first offered for sale: _____

** Date compound first sold: _____

* Dates to establish date of invention.

** Dates that could prevent patent protection. *(Bar to patent protection if event occurs more than one year prior to filing patent application.)*

What is the commercial significance of the compound? _____

_____

What is the likely commercial life of the compound? _____

_____

Do the commercial significance and commercial life of the compound justify the expense of obtaining and enforcing patent protection?

_____

Is this a compound that can be maintained a secret? _____

_____

If so, consider value as a trade secret.

ORNAMENTAL PRODUCT DESIGN

Examples: *Shape of container, design of product, etc.*

Describe the Product Design: _____

_____

_____

Type of Protection: *DESIGN PATENT (up to 14 years)*

Cost of Protection: *Moderate*

Scope of Protection: *Relatively narrow*

Time to Obtain Protection: *Relatively long (no patent protection until patent issues)*

Important Events: _____

* Date idea for the design conceived: _____

* Date design first used on product: _____

(Are these dates documented? If not, DOCUMENT THEM.)

** Date design first publicly used: _____

** Date design first publicly disclosed: _____

** Date product first offered for sale: _____

** Date product first sold: _____

* Dates to establish date of invention.

** Dates that could prevent patent protection. *(Bar to patent protection if event occurs more than one year prior to filing patent application.)*

What is the commercial significance of the design? _____

_____

What is the likely commercial life of the design? _____

Do the commercial significance, commercial life, and scope of protection of the design justify the expense of obtaining and enforcing patent protection? _____

Can the design be considered a trademark? _____

Is the design protectable by copyright? _____

PRODUCT NAME OR LOGO

Examples: *KLEENEX, WORDPERFECT, VASELINE, etc.*

What is the Name or Logo? _____

What are the Products on which the Name or Logo are used?

_____

Type of Protection: *TRADEMARK (10 years - renewable as long as used)*

Cost of Protection: *Moderately low*

Scope of Protection: *Ranges from weak to strong depending on nature and use of mark*

Time to Obtain Protection: *Limited rights obtained through use, federal registration typically takes about a year from application*

Important Events:

* Date of first use: _____
* Date of first use in commerce: _____
  (Are these dates documented? If not, DOCUMENT THEM.)
* Dates to establish rights in mark.

Does the mark describe the product or qualities of the product? _____

Is the mark similar to any other mark known to you? _____

_____

What is the commercial significance of the mark? _____

_____

What is the likely commercial life of the mark? _____

_____

Do the commercial significance, commercial life, and strength of the mark justify the expense of obtaining and enforcing trademark protection?

SERVICE NAME OR LOGO

Examples: *McDONALD'S, PRUDENTIAL, etc.*

What is the Name or Logo? _____

_____

What are the Services for which the Name or Logo are used? _____

_____

Type of Protection: *SERVICE MARK (10 years - renewable as long as used)*

Cost of Protection: *Moderately low*

Scope of Protection: *Ranges from weak to strong depending on nature and use of mark*

Time to Obtain Protection: *Limited rights obtained through use, federal registration typically takes about a year from application*

Important Events:

* Date of first use: _____
* Date of first use in commerce: _____
  (Are these dates documented? If not, DOCUMENT THEM.)
* Dates to establish rights in mark.

Does the mark describe the service or qualities of the service? _____

_____

Is the mark similar to any other mark known to you? _____

_____

What is the commercial significance of the mark? _____

_____

What is the likely commercial life of the mark? _____

_____

Do the commercial significance, commercial life, and strength of the mark justify the expense of the obtaining and enforcing trademark protection? _____

ORIGINAL TEXT

Examples: *Brochures, books, computer code, advertisements, etc.*

Describe the text: _____

_____

_____

Does the text bear a copyright notice? _____

Are there earlier versions of the text? _____

Type of Protection: *COPYRIGHT (life of the author plus 70 years or 95 years - not renewable)*

Cost of Protection: *Inexpensive*

Scope of Protection: *Ranges from weak to strong depending on extent of originality in the work*

Time to Obtain Protection: *Immediate upon creation of the work in a tangible medium, federal registration required for enforcement*

Important Events:

* Date of fixing work in tangible medium: _____

** Date of first publication of work: _____

(Are these dates documented? If not, DOCUMENT THEM.)

* Date to establish copyright in the work.

** If prior to March 1, 1989, work must have been published with proper copyright notice ((c) or Copyright, Year of First Publication, Name of Copyright Owner - for example: *(c) 2004 Madson & Austin)*

Who are the authors of the text? _____

_____

Are the authors employees or consultants? _____

If consultants, are they under work for hire contracts? _____

What is the commercial significance of the text? _____

What is the likely commercial life of the text? _____

Do the commercial significance, commercial life, and scope of the copyright justify the expense of the obtaining a registration and enforcing the copyright? _____

ORIGINAL ARTWORK

Examples: *Brochure design, drawings, computer graphics, advertisements, etc.*

Describe the artwork: _____

_____

Does the artwork bear a copyright notice? _____

Are there earlier versions of the artwork? _____

Type of Protection: *COPYRIGHT (life of the author plus 70 years or 95 years - not renewable)*

Cost of Protection: *Inexpensive*

Scope of Protection: *Ranges from weak to strong depending on extent of originality in the work*

Time to Obtain Protection: *Immediate upon creation of the work in a tangible medium, federal registration required for enforcement*

Important Events:

* Date of fixing artwork in tangible medium: _____

** Date of first publication of artwork: _____

(Are these dates documented? If not, DOCUMENT THEM.)

* Date to establish copyright in the work.

** If prior to March 1, 1989, work must have been published with proper copyright notice ((c) or Copyright, Year of First Publication, Name of Copyright Owner - for example: *(c) 2004 Madson & Austin)*

Who are the authors of the artwork? _____

_____

Are the authors employees or consultants? _____

If consultants, are they under work for hire contracts? _____

What is the commercial significance of the artwork? _____

What is the likely commercial life of the artwork? _____

Do the commercial significance, commercial life, and scope of the copyright justify the expense of the obtaining a registration and enforcing the copyright? _____

SECRET INFORMATION

Examples: *Customer lists, contract terms, pricing strategies, etc.*

Describe the information: _____

_____

Who knows the information? _____

_____

How is the information used? _____

_____

_____

How is the secrecy of the information maintained? _____

_____

How long can the information be maintained a secret? _____

Type of Protection: *TRADE SECRET (as long as not generally known by others - potentially perpetual)*

Cost of Protection: *Ranges from inexpensive to very expensive.*

Scope of Protection: *Protection vanishes totally if the information becomes generally known by others.*

Time to Obtain Protection: *Immediate upon creation of and maintaining the secrecy of the information.*

Are Employment Agreements in place that will protect trade secrets?

_____

What precautions are in place to help maintain secrecy? _____

_____

What is the commercial significance of the information? _____

_____

_____

What is the likely commercial life of the information? _____

_____

Do the commercial significance and commercial life of the information justify the expense of maintaining secrecy? _____

_____

SECRET KNOW-HOW

Examples: *Manufacturing procedures or techniques, patent applications, software, etc.*

Describe the know-how: _____

_____

_____

Who knows the know-how? _____

_____

How is the know-how used? _____

_____

How is the secrecy of the know-how maintained? _____

_____

How long can the know-how be maintained a secret? _____

Type of Protection: *TRADE SECRET (as long as not generally known by others - potentially perp etual)*

Cost of Protection: *Ranges from inexpensive to very expensive.*

Scope of Protection: *Protection vanishes totally if the know-how becomes generally known by others.*

Time to Obtain Protection: *Immediate upon creation of and maintaining the secrecy of the know-how.*

Are Employment Agreements in place that will protect trade secrets?

What precautions are in place to help maintain secrecy? _____

_____

What is the commercial significance of the know-how? _____

_____

What is the likely commercial life of the know-how? _____

Do the commercial significance and commercial life of the know-how justify the expense of maintaining secrecy? _____

_____

Consider patent protection if secrecy is difficult to maintain.

NOTES: _____

MADSON & AUSTIN

(801) 537-1700