



12 (+/-) Ways to Ruin a Business With Intellectual Property Law Mistakes

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Copyright
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TEXAS RULES OF PROFESSIONAL RESPONSIBILITY

Rule 1.01 Competent and Diligent Representation

(a) A lawyer shall not accept or continue employment in a legal matter which the lawyer knows or should know is beyond the lawyer's competence, unless:

- (1) another lawyer who is competent to handle the matter is, with the prior informed consent of the client, associated in the matter; or
- (2) the advice or assistance of the lawyer is reasonably required in an emergency and the lawyer limits the advice and assistance to that which is reasonably necessary in the circumstances.

IP PROTECTION IS THE *EXCEPTION*, *NOT* THE RULE

- GENERAL RULE = **FREE ENTERPRISE**
- IP RULES AND DEADLINES ARE **STRICT AND UNFOREGIVING**
(MISSTEPS AND BAD ADVICE CAN LEAD TO COMPLETE LOSS OF RIGHTS AND EVEN LIABILITY)

IP CATEGORIES MUST NOT BE CONFUSED – DIFFERENT RULES!

- Copyrights
- Trademarks
- Patents
- Trade Secrets
- Additional Concern: Export Control Laws



#12 – GENERAL IP MISTAKE



• **NOT KNOWING (1) WHAT YOU HAVE, (2) WHAT YOU SHOULD BE DOING, OR (3) WHAT YOU SHOULD NOT BE DOING.**

• An “IP AUDIT” rarely fails to turn up something to be done or stopped (some times *urgently*).

#11 - COPYRIGHT MISTAKE



• **BELIEVING THAT, IF YOU CHANGE A COPYRIGHTED WORK ENOUGH, YOU “GET AROUND” THE COPYRIGHT** (advice that I have heard from multiple lawyers!).

• **REALITY:** Copyright covers much more than just literal, verbatim copying, including the making of **DERIVATIVE WORKS**.

• **WHY DO YOU CARE?** Professing that one changed another’s work may well be an **admission** of copyright infringement.

#10 – COPYRIGHT MISTAKE



BELIEVING THAT, IF YOU JUST PAY FOR A COPYRIGHTABLE WORK, YOU AUTOMATICALLY OWN IT AS A “WORK FOR HIRE”

- **REALITY:** Ownership of a copyrightable work *usually* arises **ONLY** from...
 - creating the work yourself;
 - having your EMPLOYEE create a work as part of his/her job;
 - a WRITTEN assignment.

#9 TRADE SECRET MISTAKE



• FAILING TO TAKE AFFIRMATIVE STEPS TO PROTECTION YOUR “SECRET FORMULA” (OR PROCESS, OR DESIGNS, OR CUSTOMER LISTS....)

- **REALITY:** Trade Secret protection is *very* powerful, but often only if you take affirmative steps to *keep* your secrets secret.

#8 PATENT MISTAKE



• BELIEVING THAT YOU CAN PROTECT YOUR INVENTION BY MAILING YOURSELF A LETTER THAT DESCRIBES YOUR INVENTION (“THE POOR PERSON’S PATENT”)

- **REALITY:** The “poor person’s patent” (recommended by some lawyers) does nothing to protect your invention.
- **WHY DO YOU CARE?** Relying on this mythical “protection” can lull one into waiving rights by waiting too long to file a real patent application (one-year deadline from any public disclosure).

#7 - PATENT MISTAKE

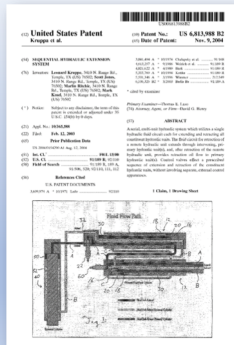


• **BELIEVING THAT IT IS EASY TO GET AROUND A PATENT - YOU JUST ADD SOMETHING, OR CHANGE A FEW THINGS ABOUT THE ITEM SHOWN IN THE PATENT DIAGRAMS.**

• **REALITY:** Patents, can be *very* difficult to interpret, but if properly crafted, usually cover MUCH more than just the item shown or described in a patent.

• **WHY DO YOU CARE?** Patent infringement liability (or even the litigation itself) can financially destroy a person or business.

PATENTS (How They Work)



PATENTS (How They Work)

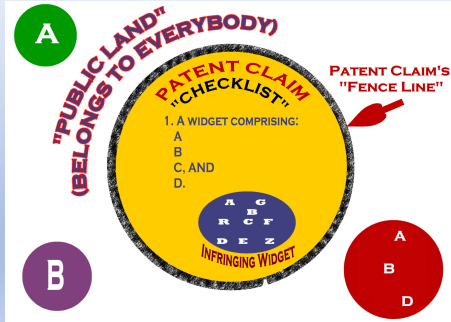


• Patent **CLAIMS** (not details and pictures) define patent protection - *"checklists for infringement and validity"*.

• A widget comprising:

- A
- B
- C and
- D

PATENTS (How They Work)

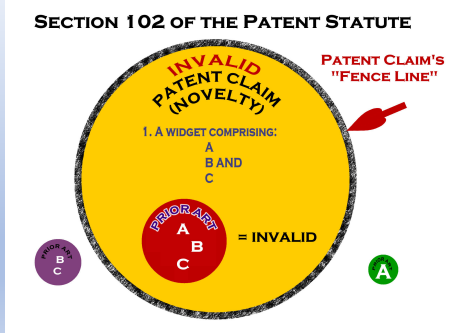


PATENTS (How They Work)



- Patent claims with FEWEST elements cover the *most* things.
- So, why not have a claim like:
 A widget comprising:
 A,
 B, and
 C (fewer elements)?
 If you can, YES!! But....

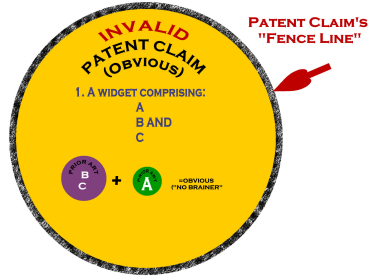
PATENTS (How They Work)



PATENTS (How They Work)



SECTION 103 OF THE PATENT STATUTE



#6 – GENERAL IP MISTAKE



• **NOT GETTING WRITTEN ASSIGNMENTS FROM EMPLOYEES (OR OUTSIDE CONTRACTORS) BEFORE THEY INVENT OR CREATE IP-PROTECTABLE THINGS**

• Many IP assets are NOT automatically owned by employers, and employment agreements with proper (very specific language) can avoid a great deal of expense and heartache later. Review those employment agreements!!

#5 – TRADEMARK MISTAKE



• **NOT KNOWING WHAT CAN BE A GOOD “BRAND” FOR YOUR BUSINESS OR PRODUCTS**

• **Trademark Rights ONLY Apply to** first-adopted words and/or symbols that can and do **DISTINGUISH** the associated goods or services of one vendor or sponsor from those of all others.

#5 – TRADEMARK MISTAKE (EXPLAINED)



- “LIGHT BULB” (for light bulbs)
 - NO!
- “ROUGH STUFF” (sand paper)
 - MAYBE LATER
- “DRIFT AWAY” (???)
 - YES
- “EXXON” –
 - YES!!



#4 – TRADEMARK MISTAKE



- Believing that merely forming a business entity (or filing a “DBA”) means that the name can be used as a BRAND for products or services (FREQUENT ADVICE FROM MANY LAWYERS).
- REALITY: If someone owns the name as a trademark, the new company name CANNOT be used as a brand. Incorporation or filing “DBAs” do **NOTHING** for you in permitting public use of a name.

#4 TRADEMARK MISTAKE (EXPLAINED)



BUSINESS ORGANIZATIONS CODE TITLE 1. GENERAL PROVISIONS CHAPTER 5.... Sec. 5.001. EFFECT ON RIGHTS UNDER OTHER LAW.

(a) The filing of a certificate of formation by a filing entity under this code...or registration of [an assumed] name...does not authorize the use of a name in this state in violation of a right of another... (emphasis added).

#4 TRADEMARK MISTAKE (EXPLAINED)



BUSINESS & COMMERCE CODE TITLE 5. GENERAL PROVISIONS CHAPTER 71..... Sec. 71.157 EFFECT OF FILING.

- (a) This chapter does not give a registrant a right to use the assumed name in violation of the common or statutory law of unfair competition or unfair trade practices, common law copyright, or similar law (emphasis added).

#3 – TRADEMARK AND COPYRIGHT MISTAKES



•FAILING TO REGISTER YOUR COPYRIGHTABLE WORKS OR TRADEMARKS

- REALITY:** Owners of unregistered trademarks can be “landlocked”.
- REALITY:** Owners of unregistered copyrightable works can rarely break even against infringers.

#2 – (BIGGEST) TRADEMARK MISTAKE



•BELIEVING THAT TRADEMARK INFRINGEMENT IS EASY TO UNDERSTAND AND TO AVOID - JUST DIFFERENTIATE SPELLINGS A LITTLE, CHANGE CAPITALIZATION, ADD A WORD, ETC.

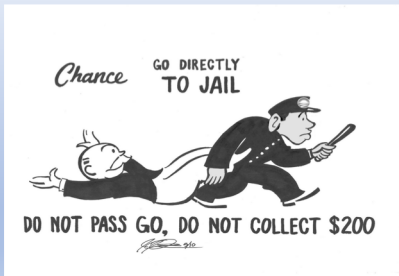
- REALITY:** Trademark infringement exists upon the use of **ANY** trademark (even completely different words) which, in view of an earlier used mark of a third party, creates **merely the LIKELIHOOD** of confusion as to source, sponsorship, approval or affiliation.

#2 – **BIGGEST TRADEMARK MISTAKE**
(Explained)



- **ECKSAHN** would infringe **EXXON** for automobile related goods or services (or just about anything else).
- **RED DELICIOUS** (for computers) might possibly infringe **APPLE** (for computers).

#1 – **ONE OF THE BIGGEST SURPRISES IN LAW – EXPORT CONTROL LAW (NOT REALLY IP LAW, BUT OFTEN RELATED)**



QUESTIONS?



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