

**THE “BASICS” OF PATENTS, TRADEMARKS AND COPYRIGHTS
FOR NON-IP ATTORNEYS
(KNOWING JUST ENOUGH TO BE SAFE AND TO HELP CLIENTS
AVOID THE MOST COMMON MYTHS AND TRAPS OF IP LAW)**

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CHAPTER 10



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THE “BASICS” OF PATENTS, TRADEMARKS AND COPYRIGHTS FOR NON-IP ATTORNEYS (KNOWING JUST ENOUGH TO BE SAFE AND TO HELP CLIENTS AVOID THE MOST COMMON MYTHS AND TRAPS OF IP LAW)

I. PATENTS

A. What is a Patent?

A patent is a *legal* monopoly granted by the federal government to inventors of certain qualified inventions. A patent can protect any new, useful, and “unobvious” apparatus, process, chemical composition, and even a business method, and gives its owner the right to prevent all others (in the country of issue) from making, selling, importing and even using the patented invention (35 U.S.C. 271).

The “patented invention”, in turn, is that which falls within the scope of the patent’s “claims” (strangely worded, numbered paragraphs at the end of each patent that tell the public specifically that which the patent owner may prevent others from making, selling or using). A brief introduction of patent claims appears later in this article.

B. When Should One Seek a Patent?

A patent can be extraordinarily valuable, in part, because its protection, if valuable in the first place, extends from the grant of the patent until twenty years from the filing date of the underlying application (provided periodic maintenance fees are paid (35 U.S.C. 154)). It is the “utility patent” which is the most common and most useful type of patent for U.S. inventors (another kind of patent -- the design patent -- will be discussed below, and provides little protection for most inventions).

If one invents something that solves a problem or meets a need in a new, more efficient, more cost effective, and/or more effective way, and there is a market for such a solution, patent protection should be considered. Otherwise, the invention will eventually fall into the public domain and likely will be of no value whatsoever to the inventor.

A reason often cited by many who fail to seek patent protection is an intent to simply “sell their idea” to a company, and thereby avoid the expense of patent protection. Unfortunately, this is rarely a viable option, and the associated disclosure to third parties and delays in seeking patent protection, if at all, will often lead to a complete loss of the potential for patent protection.

An invention that is not the subject of *at least* a patent application has no legal protection, other than possible contractual confidentiality obligations (only applicable to those who actually sign a confidentiality agreement), or

trade secret protection (not feasible for any invention which must be made public for commercial gain, and which can be understood and replicated upon such public exposure). Therefore, most companies to whom inventions are offered for sale or license, without accompanying patent or patent application ownership potential, are unlikely to pursue the purchase or license. This is true because, without *at least* pending patent protection, such a company’s competitors are perfectly free to take and copy the subject invention immediately upon learning of it, without paying anyone anything. It is the patent application or resulting patent for an invention which gives it protection and transferability. Otherwise the free enterprise rules (to which patents are merely legal exceptions) apply, and all are free to copy, improve upon, and compete for market share in selling the subject invention.

Inventors also sometimes fail to seek patent protection, if they feel that they will never be in a position to actually make the subject of their invention, such as when commercializing the invention would require significant manufacturing capabilities or expansive distribution networks. This is unfortunate, because a patent holder can (and most inventors do) license their patent rights to others who are better suited to manufacture or otherwise commercially exploit the underlying invention.

In such cases, the patent holder simply collects royalties for the duration of the license, while the licensee, in essence, does all the work (manufacturing, distribution, sales, etc.).

C. When is an Invention Entitled to Patent Protection?

Generally speaking, an invention may be protected by patent if: (1) it fits into one of the legal categories of protectable inventions (as mentioned above: a mechanical device, a machine, a chemical compound or composition, a process, or a business method (35 U.S.C. 101); (2) the invention is new (“novel”) -- no one else has, before certain prescribed dates and under certain circumstances relating to geography, either patented, used, sold or otherwise publicly disclosed the invention which is sought to be patented (35 U.S.C. 102); (3) the invention sought to be patented, at the time of its invention, would not have been “obvious” to persons skilled in the relevant field of (35 U.S.C. 103); and (4) the invention is “useful” (i.e. an embodiment of the claimed invention achieves some useful function (35 U.S.C. 101)). A more detailed discussion of the sometimes confusing issues of novelty and obviousness appears later in this article.

D. The Patent Process.

The process for seeking patent protection can be divided into two primary stages: (1) researching the apparent patentability of the invention; and (2) formally entering the patent system by filing a patent application.

1. Patent Research.

In most cases (though not all), an inventor's patent attorney will, before filing a patent application, conduct a preliminary investigation to determine whether or not patent protection for a particular invention appears to be available. No such investigation will establish patentability with absolute certainty, in part, because certain circumstances that may prevent patent protection simply cannot be researched (recently filed patent applications, for example). Patentability research usually has as its sole, legitimate purpose the determination of whether or not seeking patent protection appears to represent a reasonable financial risk. Therefore, research which is possible, but which would cost as much as, or more than the patent application itself (extensive foreign patent and literature research, for example) can seldom be justified, even though foreign patents and references may ultimately prove equally fatal to a patent application than can a domestic reference. In short, patentability research is designed merely to determine if a patent-blocking reference ("prior art" as it is known in the patent field) is immediately apparent, after a reasonable degree of inquiry.

Ideally, patentability research will involve both the inventor and the patent attorney. The inventor will be able to assist in the research by calling upon his or her own knowledge of related inventions in the relevant field of technology and by relating those to the patent attorney. In addition, literature searches, best conducted by the person(s) most familiar with the field, can help immeasurably. The role of the patent attorney is most often in conducting a search of the records of the Patent & Trademark Office. The objective is to locate the most pertinent issued patents and literature upon which a patent examiner would rely in judging patentability. On average, a patent search requires about three week's time, though the process can be accelerated if necessary.

It should be noted that, as already mentioned, patentability research is only designed to give some indication of the likely patentability of an invention, and is not at all designed to determine whether or not making or practicing any particular invention will infringe an earlier patent. It is entirely possible that one might obtain a (very valuable) patent that covers an invention which, if made or practiced, may infringe an earlier patent. This seems like a paradox to many, but, for reasons described below, it is not necessarily so.

2. The Patent Application.

If the results of the patentability research reveal nothing which would clearly stand in the way of patent protection, the next step in the process for one seeking U.S. patent protection is to prepare and file a patent application with the United States Patent & Trademark Office. This is a task which can only be performed professionally for others by a person who is licensed to practice before the

Patent & Trademark Office (a "registered patent attorney" or "patent agent"). Easily 95+% of attorneys are not licensed to practice before the Patent Office and cannot, therefore, legally represent an inventor in seeking a patent.

A patent application is not simply a form with blanks to fill in, but is rather a very lengthy and complex legal document. Most often, the patent attorney will spend quite a number of working hours to prepare the patent application. The inventor will ordinarily be consulted at a number of stages along the way to insure that the description and claiming of the invention is consistent with the inventor's conceptions.

When the patent application is complete, the inventor will be asked to carefully review the application itself and to review and sign an inventor's "Declaration and Power of Attorney." This latter document is one in which the inventor, under penalty of perjury, verifies the true inventorship of the subject invention, states that the inventor understands the application as filed, and appoints the named patent attorney to represent the inventor before the United States Patent & Trademark Office.

Some time after the filing of a patent application (about three years time as this article is written) a patent examiner will conduct his or her own patentability search and seek to determine whether or not the claimed invention is, in fact, patentable. In addition to comparing the scope of the submitted claims against the "prior art", the patent examiner will examine the "specification" of the patent application (the detailed description, usually including drawings, of the details of making and using the subject invention). At this stage, the examiner is to determine whether or not the inventor has satisfied the requirements of patent law (35 U.S.C. 112) that the patent application provide an "enabling disclosure." An enabling disclosure is that description, in words and drawings that sufficiently teach the making and use of the subject invention, such that one who is reasonably skilled in the field of the invention may do so without undue experimentation. Full disclosure of every aspect of an invention, including the best envisioned way(s) to make and use the object of the invention, is part of the bargain that the inventor makes with society in being granted patent protection. When an inventor opts for patent protection, nothing can be withheld in terms of details of the invention and its highest and best use. If any such information is withheld from the patent application, any resulting patent will be invalid.

A patent examiner's opinion of patentability is communicated by way of an "office action" in which the examiner sets out, with respect to each patent claim, the reasons why the claim does, or does not, encompass a patentable invention. The office action may include rejections of some, all or none of the original claims and will explain the basis for the rejection(s), if any. Most often, rejections of any given claim will be based on one or

more earlier patents that the examiner’s research has uncovered.

An office action is not the “final say” with respect to patentability. In fact, one should usually expect a first office action rejection of at least some of the patent claims.

The patent attorney can, depending on the circumstances, respond to any rejections of claims with arguments which attempt to refute the bases for such rejections, with amendments to the claims that adjust their scope to a patentably permissible degree, or some combination of both. An experienced patent attorney will be able to secure an allowance of the patent in the vast majority of cases in which initial patentability appeared likely, and the patent examiner fails to cite any previously unknown or insurmountable item of prior art.

If the patent attorney and the examiner come to an agreement about the proper scope of the patent claims, the applicant must then pay an issue fee, if the patent is to issue. The time between filing of a patent application and issuance of a patent typically extends (at present) anywhere between two to five years, depending on the degree of backlog of patent examiner to whom the patent application is assigned. If, on the other hand, the patent attorney and the examiner do not reach an agreement on the appropriate scope of patent protection by the time of the second office action, the patent attorney can appeal the examiners' decisions (35 U.S.C. 134), can seek continued examination by filing an appropriate fee and petition, or can file a “continuation application” for a second round of examination and argument with the Patent Office (35 U.S.C. 120).

All of the above procedures are designed to produce patents which fairly award patent protection to worthy inventors, but which does not take from the public anything which is already in the public domain. It is a long and complicated process, but one which typically works very well in the end.

E. Pitfalls for Those Who Wait Too Long.

The cardinal rule for anyone interested in seeking patent protection is to err on the side of filing for patent protection before making any disclosure of the invention to anyone else. This is not always possible (or even necessary), but should be the first inclination of an inventor who wishes to protect an invention by patent. The proper approach for specific circumstances should be addressed to a registered patent attorney.

Simple delay in filing for patent protection (if long enough) can result in abandonment of inventions (loss of inventions to the public domain). Most often, however, losing patent protection arises from a delay of more than one year from the time of some form of public disclosure of the invention to the time of filing the patent application.

The patent system is based on the dual premise: (1) that society is best served through the advancement of

science and technology, and (2) that science and technology are most effectively advanced by rewarding those who invent and thereafter fully and promptly disclose their patentable inventions to the public at large by way of patent applications and resulting patents.

The specific mandate of the United States patent statute that encourages prompt filing for patent protection is found at 35 U.S.C. 102, and provides that an inventor must file for patent protection, if at all, within one (1) year of the *earliest* of:

- (1) the first printed publication or patent (anywhere in the world) in which the invention was described;
- (2) the first sale or offer for sale of the invention in this country; or
- (3) the first public use of the invention in this country.

Other deadlines also appear in this statute, and the ones listed above are merely the most common examples. Even if considering only these deadlines, however, such common events as publishing a journal article that discloses an invention, presenting a paper at a symposium, offering to sell an embodiment of the invention, and practicing a patentable process in a non-experimental commercial context ordinarily mark the beginning of the one-year grace period for filing a patent application in the United States (most foreign countries do not allow any grace period, as will be discussed in more detail below). If a patent application is filed in the United States even one day after the passage of a year after any such event, no valid patent protection will be possible.

F. "Patent Pending".

While a patent application is pending, the application’s owner (either the inventor, or someone to whom the application has been assigned) has the right to identify products of the invention as “patent pending”. While, contrary to popular belief, this designation does not legally prevent others from copying the invention, it is often a well recognized deterrent to copying, as reflected by the penalties which apply to falsely claiming “patent pending” (35 U.S.C. 292).

As a practical matter, one who sees “patent pending” on or in association with a product is faced with two, at least temporarily unanswerable questions: (1) what kind of patent protection can the applicant ultimately get in this case?; and (2) if a patent is to issue, when will it issue? Because of the strict secrecy of pending patent applications for the first 18 months of their pendency, no one but the inventor, the inventor's employer (if applicable), the patent attorney, and the patent examiner(s) can find out what a pending application claims or when the application was filed. Therefore, anyone who is thinking about copying a

product which is marked "patent pending" must reasonably consider that any investment for tooling up to practice the invention, to hire personnel, to advertise, to establish distribution, etc. may well be wasted, if a patent covering the product does ultimately issue. One must consider that a patent issuance could occur at any moment. For many, this dilemma presents too much of a gamble and they tend to avoid copying "patent pending" products, even though the law does not require that they do so until/unless a patent actually issues. In short, the "patent pending" designation is often viewed as a very valuable, practical deterrent to invention copying, even though it is not a legal deterrent.

An important caveat is needed with respect to “Patent Pending.” One cannot enjoy the benefits of the “patent pending” designation, unless a patent application with claims fairly seeking to cover the subject product has actually been filed. A penalty of up to \$500.00 per incident of “false marking” is possible under federal statute, and *anyone* can sue for recovery of that penalty (that is split with the government upon its recovery).

G. Foreign Patent Protection.

Most foreign countries have patent systems which grant rights similar to those described here for U.S. patentees. Currently, there is no such thing as a truly "international patent." Each country, and some groups of countries (the European Community, for example), each have their own patent systems, and only patents issued in each such country or region provide protection there.

When considering foreign patent protection, an inventor must simply decide which countries or regions represent sufficiently valuable markets for the subject invention to justify the often high cost of foreign patent protection. With respect to some countries, one must also consider the degree to which any patent can reasonably be enforced, because a patent issued by a country with an ineffective patent enforcement system is of little or no value.

It is vitally important to note that most foreign countries do not allow any grace period for filing a patent application after public disclosure of an invention (such as the one year grace period of the U.S. patent system described above). A filing date for a patent application in such countries must precede any public disclosure (anywhere) of the underlying invention, if valid patent protection is to be available. This is known as the rule of “absolute novelty.”

Fortunately there are treaty-based procedures (35 U.S.C. 351) whereby one may file a single patent application in his or her own country, which application will suffice for establishing a filing date in most foreign countries, provided certain procedures are strictly observed thereafter. A U.S. inventor, for example, need only file one patent application with the United States Patent & Trademark Office prior to publicly disclosing or exploiting

the invention, and the right to obtain patent protection (in most foreign countries) can still be preserved, though the foreign patent applications will not actually be filed until well after the public disclosure.

If the U.S. filing date is to “count” as the filing date in most foreign countries, the inventor (or invention owner by assignment) must, within a year of the U.S. patent application filing, either file the same application in the country or countries in which patent protection is desired, or file a Patent Cooperation Treaty Application (which extends the deadline for filing in the individual foreign patent offices by, in most cases, 30 months from the United States filing date).

In either event, if the subject country or countries are signatories of the referenced treaties, the U.S. filing date will be honored as the filing date in such countries for purposes of overcoming the absolute novelty rule. While most countries of interest to U.S. inventors or invention owners are signatories of the relevant treaties and conventions, one should consult their patent attorney with respect to countries of specific concern, before any public disclosure of an invention.

Finally, when speaking of foreign patent protection it is important to debunk a common myth -- that foreigners can, to get around U.S. patents, simply copy inventions abroad and then ship the products into the U.S. If the only concern of an inventor is that their invention will be copied, sold or used in the U.S., a properly prepared U.S. patent with adequate claim coverage will be sufficient. Infringing products can be stopped at the borders through a variety of means. An inventor needs foreign patent protection only if he or she wants to be able to prohibit copying and sales in foreign countries.

H. How Does Patent Protection Work?

1. Patent Claims

As mentioned earlier in this article, a patent’s *claims* define what does and does not infringe the patent, or what is “covered” by the patent. Despite widespread assumptions to the contrary, a patent’s coverage is NOT defined by the written description of the invention, the drawings in the patent, the title, or any other part of the patent, though such components may aid in interpreting a claim.

Much as a property description on a land deed precisely defines where strangers cannot go without trespassing, one looks to a patent’s claims to determine that which, without permission of the patentee, members of the public cannot legally do or make without infringing the patent during its term. On the other hand, if one wishes to measure the validity of patent protection, one examines the claims, in most cases, to determine if the wording of the claims expands the scope of the patent’s coverage beyond that which is allowed by law.

Very generally, a patent claim works as either a “checklist for infringement” or a “checklist for invalidity.” Each and every element of a patent claim must be present (“checked off”) in a product or process, if that product or process is to be “covered” by the patent. On the other hand, each of these checklist items must also be found in any product or process that is alleged to sufficiently predate the related act of invention and/or patent application filing date to invalidate the claim.

Suppose a patent claim in a patent for a hypothetical machine (“widget”) reads:

1. A widget comprising:

- A,
- B,
- C, and
- D.

For purposes of our example, each of “A”, “B”, “C”, and “D” represents a machine component, whereas in process or chemical composition patents, they might represent, respectively, process steps or chemical constituents. In a patent claim for a machine, “A” in this example might read “an electric motor”, and “B” might read “a gearbox, interfaced with said electric motor”, and so on. The word “comprising” means “including, but not limited to.”

The unauthorized making, selling, using, importing, etc. of anything that includes A, B, C and D (all listed elements are “checked off”) will infringe the claim. So, if without permission of the patent owner, one makes a widget that incorporates A, E, B, R, C, Z, T, and D, there is infringement of our widget patent claim, because the widget includes A, B, C, and D. It is of no consequence that E, R, Z, and T are also present. One does not avoid infringement of a valid claim by adding elements or characteristics, only by eliminating one or more listed elements, such that the “checklist” is not fully satisfied.

Most patents have a number of claims, and each numbered claim stands independently in defining the owner’s patent protection. In essence, each claim is truly a separate, independent patent, at least in terms of that which is covered by the patent.

Most patents have multiple claims only so that the owner has “fall-back positions”, in the event that some of the broadest claims are later found to be invalid. If the broadest claim(s) survive, the narrower claims are irrelevant.

Suppose our hypothetical patent also includes the following claim:

2. The widget of Claim 1 further comprising:

- E.

This is known as a “dependent claim”, and is read to include everything of the claim to which it refers (claim 1 in this case), plus the recited extra element (E).

Now assume that Claim 1 is found to be invalid. So far as the subject patent is concerned, everyone is now free to make a widget “comprising” A, B, C, and D, because such a widget would no longer satisfy the broadest surviving “checklist” (which now includes E), and A - D is in the public domain. Only a widget with A, B, C, D, *and* E would now satisfy the broadest checklist for infringement (patent claim) of the patent and would, therefore, infringe the patent. Only if all claims of a particular patent are found to be invalid does a patent become wholly ineffective.

The same principles apply to each of any number of claims in a patent -- each claim essentially constituting a separate patent, and each claim standing or falling on issues of validity.

To invalidate a patent claim on the simplest basis of finding a single item in the prior art that sufficiently predates the related act of invention and/or patent application filing date, one must, in like fashion, “check off” each and every element of the patent claim by finding them in the prior art item. The often exists considerable difficulty in applying these “checklists” in either context (infringement or validity) because each “checklist item” may not be in language that is easily understood. Yet, anyone involved in patent infringement or validity analysis must understand the meaning of each “checklist item.” The patentee must know what its patent covers to assess suspected infringement, and members of the public (particularly any such members who are accused of patent infringement) must know that which they cannot do without permission of the patentee. Furthermore, judges and juries must know when patent claim elements are “checked off” when presented with issues of infringement and/or validity.

In the context of patent litigation, a “Markman Hearing” involves, in various forms, presentations on behalf the patentee and the accused infringer(s) concerning the parties’ respective positions on proper construction of patent claim terms. The result of a Markman Hearing is an order of court that defines claim terms for the ultimate fact finder who will then apply the terms to the evidence of alleged infringement and/or invalidity. Prior to the findings of a Markman Hearing that are confirmed by the Court of Appeals for the Federal Circuit in a related appeal, one can only apply considerable experience and seasoned judgment in predicting the scope of a patent, its likely validity, and (ultimately) is value.

It bears emphasis that many acts, thought by many as safe ways to “end-run” a patent, may very well amount to patent infringement. The discussion thus far focuses on the simplest form of patent infringement - the making, selling or using of anything that fully satisfies a patent’s “checklist(s) for infringement.” However, under certain

circumstances, making, selling, using, or importing only a subset of the checklist items may still constitute infringement, and even “inducing” someone else to infringe may create liability for patent infringement (35 U.S.C. 271). Analysis of the many variations of patent infringement is well beyond the scope of this article. Therefore, a patent professional must be consulted if concerns over patent infringement arise, both to assess the likelihood that infringement may have occurred, and to take the steps necessary to meet any allegation of infringement.

2. Validity.

There are a number of issues that can affect the validity of a patent’s claims, but two issues - novelty and obviousness - are usually of most significance in patent cases. Generally speaking, a claimed invention must be both “novel” and “unobvious” when viewed against that which was known to the public (the “prior art”): (1) before the act of invention by the subject inventor; and (2) at any time more than one year before the filing of the patent application (for U.S. patents).

a. Novelty.

As briefly mentioned earlier, Section 102 of the patent statute (35 U.S.C. 102) provides that a claim will not be valid if the combination of all of its limitations (A, B, C, etc., as above) were publicly known, either prior to the invention by the patent applicant, or more than one year before the filing of the patent application. For example, if a patent application were filed on January 2, 2006, its sole claim were the one from our example above, and a Widget with parts A, B, C, and D were on the market before January 2, 2005, the claim cannot properly be allowed by the Patent Office, or if allowed, will not be sustained in court.. Also, no matter when the application was filed, if the widget with A, B, C, and D were on the market before the invention by the subject patent applicant (we are supposing here that two people invented the same thing, and the latter inventor is seeking patent protection) the patent claim likewise cannot validly issue. The same would be true for our above example of Claim 2, if A - E were publicly known before the critical dates.

b. Obviousness.

Section 103 (35 U.S.C. 103) of the patent statute represents an additional condition for patent protection, though not one which is considered until or unless novelty is already established. Section 103 provides that no valid patent claim can merely include elements which, though never proved to be assembled in one place before (as would be the issue for novelty) would represent an obvious combination to a person who is reasonably skilled in the relevant field of technology. For example, even if no one could be proven to have ever assembled the combination of elements from the above hypothetical claim - A, B, C and

D - that claim cannot validly issue if it would have been obvious to someone reasonably skilled in the widget field to assemble that combination of elements, if only presented with the need or problem for which the widget was intended.

Therefore, suppose that A, B, and D were, in combination, well known and used before the invention of A, B, C and D and/or more than one year before its patent application was filed. However, no one ever thought to add C to the mix. If, to a person reasonably skilled in the widget field, it would have been obvious to combine C with A, B, and D to provide whatever benefit for which the widget was intended (simply a case of no one ever getting around to doing it), then the A, B, C, and D claim cannot be valid. It is only if adding C to A, B, and D would NOT have been obvious to a person reasonably skilled in the relevant technology field (at the time of the invention) that our widget claim with limitations A, B, C, and D would be allowable.

3. Overlapping Patents.

It is often a point of confusion to some to learn of patents (claims) that “cover” inventions, part of which are also “covered” by prior patents (claims). Such a situation does not necessarily mean that the latter patent (claim) is invalid.

How can this be? There are only four basic requirements for patent protection: (1) novelty of the claimed invention (all elements of each claim); (2) non-obviousness of the claimed invention; (3) usefulness or “utility” of the invention and (4) that the invention is within the subject matter categories that are protectable under patent law. Contrary to popular belief, the mythical fifth requirement - that making the patented invention would not infringe an earlier patent - simply does not exist.

Suppose, for example, that Smith owns the patent with our A, B, C and D claim (assume that this is the only claim in Smith’s patent). Now suppose that a second inventor, Jones, invents an improved widget which includes A, B, C, D and X. If A, B, C, D, and X is a new combination (Section 102), and it would not have been obvious to add X to satisfy whatever need that A, B, C, D, and X addresses (adding X makes a much better widget), then Jones may be able to get a perfectly valid patent claim which covers A, B, C, D, and X. This is true, even though Jones will infringe Smith’s patent, if he, without Smith’s permission, builds a widget with A, B, C, D, and X (with, or without additional components). Building A, B, C, D, and X would infringe the Smith’s “dominant” claim (having only A, B, C, and D), because A, B, C, D, and X satisfies the Smith’s “checklist for infringement” of A, B, C, and D.

A situation involving dominant and subordinate patents does not at all mean that the subordinate patent is worthless. If Jones’ widget with A, B, C, D, and X is, in

fact, the best widget ever made, there is likely a lucrative market for the product.

In our hypothetical, Smith, who owns the patent with the claim of A, B, C, and D, would be foolish to simply shut down Jones and prohibit the making of A, B, C, D, and X. If typical of most such cases, Smith should, instead, license his patent to Jones and take royalties. This way everyone wins, including the consuming public, because the latest and best technology is available to the marketplace. This is the way that most of these situations are resolved to everyone’s benefit.

Can Smith, who has the “dominant patent”, make A, B, C, D, and X without Jones’ permission? After all, A, B, C, D, and X is “covered” by Smith’s A, B, C, and D claims. The answer is no. Smith cannot make A, B, C, D, and X, because that would infringe the Jones patent (it would satisfy Jones’ checklist of A, B, C, D, and X). It is for this reason that even a subordinate patent (such as Jones’) may still have considerable value.

In our example, the likely best resolution of the dominant/subordinate patent situation involves, not only Smith licensing Jones to make that which includes A, B, C and D, as mentioned above, but Jones also licensing Smith to make A, B, C, D, and X. This arrangement is known as a “cross license.” Under this arrangement, each party is allowed to make, use, etc. that which is covered by their respective patent and (presumably) everyone makes money by selling the most desirable product with the greatest market potential. Absent such an arrangement between dominant and subordinate patent holders, a stalemate exists, both parties lose economically, and the consuming public is denied the products and benefits of the latest technology.

4. Old Parts Do Not Mean Invalid Patents.

As may be clear from the preceding section, the fact that part of a prior invention or patent is well known does not mean that a patent cannot be obtained on a new combination of old parts, or even a new use for something that is old and well-known.

As the above example as relates to Smith and Jones points out, just because Smith already invented and patented A, B, C, and D does not mean that Jones cannot patent his invention of A, B, C, D, and X.

An easily remembered example of this principle comes from a patent infringement case of many years past.

In that case, the defendant (the accused infringer) was arguing that the subject patent should be invalidated because “all the inventor did was just put a bunch of old parts together in a new way” (or words to that effect). In a famous and oft-quoted court opinion, the judge wrote his reply: “Only God works from wholly new parts.” This points to the fact that every invention is, to one degree or another, a mere rearrangement of existing parts, steps, or connections.

Sections 100 and 101 of the United States Code (portions of the federal patent statutes) embody the concept that improvements on existing inventions, and even merely new uses of old things are patentable, if only the claimed combination of features, improvement, or new use is, in its entirety, new, unobvious, patentable subject matter, and useful:

35 U.S.C. 100

When used in this title unless the context otherwise indicates –

- (a) The term "invention" means invention or discovery.
- (b) The term "process" means process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material.

35 U.S.C. 101

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title (emphasis added).

I. **Thoughts About Provisional Patent Applications**

A fairly recent development in U.S. patent law is that of the “Provisional Patent Application.” The provisional patent application was billed, in part, as a way for inventors to save money. This author believes that, in many cases, use of the provisional application ultimately *increases* costs to inventors, though there are occasions when such a filing is appropriate, or even unavoidable. Of greater concern is my belief that the use of provisional patent application procedures exacerbates certain risks to ultimate patent protection, when compared to traditional, non-provisional applications.

A provisional patent application is widely believed to “save” money by eliminating the requirement for patent claims, the drafting of which does indeed require considerable legal expertise and time (and, therefore, money). Also, the filing fees for provisional patent applications are much lower than for a non-provisional patent application. However, if a patent is to ever issue on the subject of a provisional application, the provisional application must be converted to a non-provisional application (essentially the same application as could have been filed at the outset) within one year of the original filing. It is at this stage that the “savings” of a provisional application become illusory.

Additional expense to inventors arises, in part, when the patent attorney, after doing nothing on the patent

application for up to a year, must “get up to speed” on the subject matter (for the second time) to convert the application to a non-provisional application, one part of which involves drafting the claims. Also, the filing fee for converting the provisional to the non-provisional patent application is the same that would have been paid at the outset, had a non-provisional application been filed. This fee is in addition to the initial provisional filing fee, so there are no filing fee savings whatsoever in pursuing the provisional patent application route, if patent protection is ever to be achieved.

In this author’s opinion, the greater danger associated with provisional patent applications is unrelated to extra expense, but to ultimate ability to obtain a valid patent (at any cost). Both provisional and non-provisional patent applications must include, *at the time of filing*, the earlier-referenced “enabling disclosure” -- sufficient information to allow a person who is reasonably skilled in the relevant field to make and use the claimed invention without undue experimentation. If an application (provisional or non-provisional) is found to have lacked an enabling disclosure, its effective filing date is lost, and with it, any satisfaction of filing deadlines otherwise provided by the application (filing within one year of a public offering for sale of the subject invention, for example).

So, how is a provisional patent application more problematic in relation to enabling disclosures? A provisional application essentially sits at the Patent and Trademark Office, with no substantive action or evaluation whatsoever. It is only when/if the application is converted to a non-provisional status that any examiner determines whether or not the applicant has satisfied (among other things) the requirement for an enabling disclosure.

Assume that: (1) an applicant files a provisional application after a public offer for sale, description of the invention in a printed publication, etc. (but before the one year deadline); (2) the application is converted to a non-provisional application after the one year deadline; and (3) the application is found, upon examination, to lack an enabling disclosure. In such a case, it is too late to correct the problem -- the invention is irrevocably lost to the public domain. It is as if no patent application was ever filed, and the one year deadline for doing so has passed. If a non-provisional application had been filed instead, the applicant might have had a chance to learn of, and correct the problem in time to beat the one year deadline.

For these reasons, this author believes that provisional patent applications should be used only when circumstances make preparing a non-provisional application, including claims, not feasible (such as when an inventor waits until the “last minute” to decide to file an application.

J. Design Patents

Almost everything discussed so far in this article has concerned utility patents. Also available are plant patents and design patents. Plant patents are of little concern to most inventors and will not be discussed here. However, design patents are worthy of mention because they are, unfortunately, often used in deceiving unsuspecting inventors.

Design patents merely protect the aesthetic appearance of manufactured items -- basically how products look apart from their purely utilitarian features. Under the right circumstances, design patents can be very valuable. However, for the vast majority of inventions, design patents are worthless, or very nearly so. Most products of invention can be designed to look any number of ways other than the way they are depicted in a design patent. Therefore, the inventor who has only a design patent cannot stop anyone who copies his or her invention, so long as the copier sufficiently changes the way the item *looks*.

The primary problem with design patents lies with their abuse by certain invention companies who promise “patent protection” to unsuspecting inventors, without explaining the critical differences between design and utility patents. These companies seldom disclose that design patents are virtually worthless in preventing most types of invention copying. It is far too common for inventors to spend many thousands of dollars with invention companies (sometimes more than would have been required to obtain legitimate utility patent protection though a reputable patent attorney), only to end up with an unrealistically optimistic “product evaluation and market study), a virtually useless design patent, and a usually meaningless “introduction of the invention to industry” (the main selling point for typical invention companies).

Most states require that invention companies disclose to prospective customers the number of customers who have received more money in royalties and license fees than they paid the invention company for the purported marketing, patent and publicity services. A very telling statistic is that the number of such customers, for most invention companies known to this author, is usually zero. Therefore, one should always look at this disclosure document before paying any money to any invention company, and take the information into consideration before entering into any legal relationship with them.

K. Choosing a Patent Attorney.

The most important considerations for inventors in selecting patent counsel for seeking patent protection include: (1) the patent attorney's knowledge of the field of technology in which one’s invention falls; (2) one’s comfort level in dealing with a particular patent attorney; and (3) the overall price at which the attorney will perform high quality services. On this latter point: one should not

simply look for the “cheapest” patent attorney whom they can find. There is almost always a “get what you pay for” element to any choice for professional services. Furthermore, hourly rates are rarely indicative of the value that one will receive from a patent attorney. By way of illustration: one will usually pay a much higher hourly rate for an experienced, partner level patent attorney than for a second year junior associate. However, rest assured that the partner, with years of experience, can accomplish more in one hour than the two year associate can accomplish in several hours.

It is also this author’s opinion that patent litigation experience is a strong “plus” for any given patent attorney. Having fought over the work product of patent attorneys’ initial product in the most rigorous test possible (patent litigation in Federal Court) gives a patent attorney considerable insight into “preparing for the worst” when drafting a patent application. This experience and insight simply cannot be achieved any other way, in this author’s opinion.

When seeking counsel for patent litigation, different considerations come into play. Despite the prior comment about concerning the desirability of a patent attorney for patent prosecution having patent litigation experience, very few patent attorneys have such experience, or are otherwise “cut out” for litigation. Patent litigation involves law and procedures known to very few, even among otherwise highly experienced litigators. Whether to be found in a single lead counsel, or through a combination of attorneys, it is utterly essential that those representing patent litigants have both experience in litigation in general, and in patent law and procedures specifically. This author (as he himself likely would, if involved in securities, tax, or other specialty practice areas outside of his special expertise) has observed on far too many occasions otherwise fine attorneys “fall flat on their faces” when attempting to handle patent matters without adequate assistance from experienced patent counsel. With judgments in the billions of dollars not unknown in the patent litigation realm, and with litigation costs reaching millions of dollars on each side of the docket, the stakes are simply too large in any serious patent litigation matter for any attorney to “dabble” in this area.

II. TRADEMARKS

A. What Are Trademarks and Service Marks?

When one starts to choose a "name" for a new product or service, whether one has entered the world of trademarks or service marks. If one provides a service (insurance agency, restaurant, retail store, etc.), the "name" on the sign, or on brochures promoting the services, may be considered a “service mark.” The "brand name" on a product (a screw driver, an appliance, a garment, etc.) may be considered to be a trademark. A mark may, in some cases, be both a trademark and a service mark (consider

SEARS®, for example, for tools and house paint, and for insurance and auto repair services).

It is very important to understand that not every "name" can serve as a trademark or service mark and, therefore, have any exclusive rights attached to it. A trademark or service mark may be any word, phrase, symbol, design, or combination thereof, which serves, not just to identify a good or service, but to distinguish one vendor's products or services from those of other vendors. For example, "light bulb" cannot be a trademark for light bulbs made by one company, because "light bulb" only says what the product is, not who produces it or stands behind it. The public at large has the right to use a word or phrase which simply identifies a product or service -- everyone can use "light bulb" to identify light bulbs. Conversely, "Pleasure-Glo™" may be a perfectly suitable trademark for light bulbs. "Pleasure-Glo™" does not identify the product as such, and could clearly identify one producer's brand of light bulbs while distinguishing them from bulbs made by General Electric, Sylvania, Phillips, etc. These latter companies market their light bulbs under their own distinguishable trademarks (i.e. "Mizer®"), each of which tells the public which company produces or stands behind which bulb.

B. What Does it Mean to "Own" a Trademark?

To "own" a trademark or service mark is to have the right to prevent others from using the mark (or marks similar thereto) in such a manner as to likely create confusion in the marketplace. In some cases of infringement, the trademark or service mark owner may collect damages from the infringer(s). In other cases the infringer(s) may simply be enjoined through court order from further infringement. In still other cases both remedies (together with court orders for destruction of infringing products) may be available. Trademark rights may be asserted through the courts in trademark infringement suits, and in certain instances, through federal agency administrative actions such as in the United States Customs Service and the Federal Trade Commission.

Trademark and service mark rights can be virtually invaluable to any business. Accordingly, loss of important trademark or service mark rights has often meant the end of many a once-thriving business.

Trademarks or service mark rights are not actually created by trademark registrations alone. Trademark rights are initially created by proper use of a mark, so long as rights in the mark are not already owned by another person or company. However, trademark rights are greatly enhanced by trademark or service mark registration(s).

C. Why Are Rights in Trademarks and Service Marks Available?

The use of trademarks and service marks to help consumers distinguish between vendors is at the very heart

of our trademark system. Our society's economic well-being is enhanced, indeed is largely dependant upon the ability of consumers to quickly and efficiently distinguish between the products or services of different vendors. Conversely, society is often harmed, and commerce is slowed or disrupted when consumers are confused or misled as to the true source or quality of the goods and services offered in the marketplace.

Trademark principles help move commerce along at a more efficient pace than would otherwise be possible. Once a person knows what to expect when dealing with each "brand name," he or she does not have to start afresh in evaluating products or services with known brands each time a purchase is to be made. For example, if anyone could open a restaurant under the McDONALD'S® mark, simply seeing a restaurant sign which displays "McDONALD'S®" would have no meaning to the consuming public. Consumers would have no way of knowing what to expect when they entered each different "McDONALD'S" restaurant. Imagine also the plight of consumers in a world in which anyone could use APPLE® to market computers. Because of our trademark system, however, consumers know precisely what to expect when they see McDONALD'S® on a restaurant, or APPLE® on a computer, and they need research the vendor anew on each occasion of a purchasing decision.

Trademark ownership, and the rights which flow from it, represent a bargain with society. Consistent with the fundamental objective of trademark law -- to foster trade by preventing confusion in the marketplace -- trademark and service mark owners must control or "police" use of their trademarks and service marks. In other words, they must maintain control over the quality of all goods and services that are offered under their trademarks and service marks. Absent such control, either by failing to require sufficiently stringent license provisions as to quality ("naked licensing"), or by failing to pursue infringers, consumers will no longer be able to rely on a brand name as an indication of quality of the particular product or service. Trademark or service mark owners who shirk their duty to police their marks are often stripped of their trademark rights, for they have allowed use of their trademarks in a manner inconsistent with the public good.

D. How Far Do Trademark and Service Mark Rights Extend?

The answer to the above question is: "It depends."

It is important to understand what owning a trademark means (and does not mean), whether in determining when a new mark may be available for your adoption and use, or in assessing whether another's use of a particular mark may infringe your existing trademark rights. While often very difficult to apply, the test for infringement through the use of one mark relative to another, already used mark involves determining whether use of the newer mark creates a

"likelihood of confusion" in commerce relative to the earlier used mark. This "likelihood of confusion" encompasses, not merely a likelihood that consumers might mistakenly believe that one producer's products are those of its competitor (the most easily understood form of infringement), but also (among other variations) a likelihood that consumers may believe that the earlier mark's owner is somehow affiliated with the latter user, or at least approves of the latter user's adoption of its mark (perhaps through a licensing arrangement).

Perhaps the simplest way to initially explain the reach of trademark rights is through the following premise: "Trademark rights extend so far (relative to any other mark or marks) as is necessary to prevent likely confusion in the marketplace." As simple as that statement may appear, it proves very difficult to apply in real life. Many factors contribute to finding that the use of one trademark or service mark would (or would not) infringe another. Just a sampling of these factors include: (1) the respective marks themselves (the words used, respective spellings, connotations, etc.); (2) the respective nature of the goods or services associated with each of the marks; (3) the customers for the goods or services sold under each mark; and (4) the modes of advertizing used in promoting the goods or services associated with each mark. So, there is no simple formula for applying the above premise. Common misperceptions about trademark principles only add to the difficulty in knowing where one's rights begin, and another's end.

Perhaps at one end of a spectrum of trademark myths is that of trademark rights being strictly and solely tied to the specific products or services with which a mark has been used. According to this myth, a "brand" is available for use in selling any particular product or service, so long as no one has previously made the particular desired pairing of mark and products/services. It is true that the particular nature of products or services sold under a mark is highly relevant in assessing the mark's "reach", or "zone of exclusivity." However, because a number of other factors contribute to this analysis (each given such respective weight for insuring, under the circumstances, that exclusivity extends however far as is necessary to prevent likely confusion in the marketplace) the exclusive rights in certain trademarks extend far beyond merely the products or services for which the mark is already known.

Consider such "strong" marks as EXXON®, KODAK®, etc. that very nearly reach a level of exclusivity throughout commerce that their owners "own" the words for virtually all purposes. Because of the many species of confusion that "count" as infringement, it is fairly safe, for example, to say that one could not use EXXON® even on cosmetics and "get away with it", though cosmetics certainly fall far in subject matter from petroleum products and related services for which EXXON® is primarily known. In this case, the "strength" of EXXON® (its

inherent uniqueness, or distinctiveness) is such that the public is likely to be confused as to at least some forms of actionable confusion were they to see the brand used by another company, even on cosmetics.

At the other end of this same spectrum of myths is the myth that owning a trademark essentially means that one owns the word(s) or design(s) for all commercial purposes. Despite the EXXON®-based examples above, where such a premise appears very nearly true, the majority of cases are more like that of APPLE® as a brand for computer products. No one can dispute that APPLE® is a very “strong” mark for computers and related products and services, but the same trademark rules apply to this mark, as to any other: (1) rights in trademarks or service marks arise from their ability to distinguish the goods and services of one vendor from those of all others (rights are neither created nor infringed where use of a word, phrase, symbol, etc. merely identify a thing or an activity); and (2) trademark or service mark rights extend only so far as is necessary to prevent confusion. Two examples help illustrate why Apple Computer, Inc.’s undisputed ownership of APPLE® as a brand for computer products in no way means that they “own” the word “APPLE.” First, anyone can use “APPLE” to identify the fruit of the same name, because, in that context, “APPLE” merely identifies the thing (the fruit), not who grew or sells the fruit (“APPLE” is generic in this case, and fails to meet the definitional requirements for a trademark). Secondly, a number of companies use, and own trademark rights in “APPLE” as a brand for music records, tobacco, text books, grocery store services, industrial gaskets, and horseshoes, because none of these uses were deemed to create the kind of confusion that trademark rights are intended to prevent. Apple Computer, Inc.’s rights in APPLE® need not extend to such things as gaskets and horseshoes to avoid a likelihood of confusion in the marketplace.

Yet another myth relating to trademarks and service marks that both entices many businesses into legal trouble, and reflects the complexity of trademark issues, relates to the degree to which two marks must differ for use by a later-comer to the market to avoid infringing rights in an earlier used mark. This myth is often stated more or less as: “All one needs to do to avoid infringement is to change the spelling a little, add a word, or maybe change the way the mark looks.” Returning to our example of EXXON® may illustrate the usual fallacy of such beliefs. One would almost certainly lose against a charge of trademark infringement were they to use “ECKSOHN” as the name for a service station. Why? Because merely changing the spelling of EXXON® in no way completely avoids all species of likelihood of confusion that amount to trademark infringement. Consider merely the example of radio advertisements using each of EXXON® and ECKSOHN in the promotion of gasoline sales, and the problem will

become clear. To complete the destruction of this enticing, but dangerous myth, consider an example where use of a wholly different word or phrase (no overlap in actual mark word(s) whatsoever) may still amount to trademark infringement. Upon considering all the relevant factors in view of the species of confusion that are to be avoided in enforcing trademark rights, one may well find that use of “RED DELICIOUS” as a brand for computers would infringe the trademark rights in APPLE® for computer products. How is this possible (the words are completely different!)? The answer lies, once again, in looking at the intended role of trademark rights, and the manner, in application, of service that role – trademark and service mark rights extend (relative to use of any other mark) so far as is necessary to prevent a likelihood of confusion in the marketplace (as to source, sponsorship, approval, affiliation...). When one considers that Apple Computer, Inc. has already used a species of apple as a brand name for computers (MACINTOSH®/“MAC®”), it becomes much easier to understand how a case might be made that a later-comer using “RED DELICIOUS” for computers may create at least the likelihood that some consumers would be confused to believe “RED DELICIOUS” to be just another extension of Apple Computer, Inc.’s branding strategy.

Examples based on less famous marks may also be instructive. The simultaneous use of SUNSET™ for a cosmetics line would not likely create confusion with respect to SUNSET™ as used for auto parts -- consumers would not, in most cases, likely believe that the same company produced both cosmetics and auto parts. Therefore, one company dealing strictly in cosmetics could well “own” SUNSET™ for cosmetics, while a second, unrelated company dealing only in auto parts could likely “own” SUNSET™ for auto parts. Neither company could likely prevail on a claim of trademark infringement against the other. However, either company would have a valid claim against any third party who used “SUNSET” for like or similar goods, so long as this use caused a likelihood of confusion among consumers. Even such a scenario as involving SUNSET™ for auto parts and cosmetics may, however, produce different results if SUNSET™ were shown to be associated with, for example, a parent company of many businesses. For example, were SUNSET™ to be shown to be one of a famous parent company’s most famous brands for auto parts, it may be that the consuming public could be shown to likely (and mistakenly) assume a connection between the auto part’s company even to a third party cosmetics company using SUNSET™. In that instance, a case of infringement will have been made out based on confusion as to “affiliation.”

Because trademark rights exist, not for property ownership purposes, but for protecting the public from confusion, one must continue using one’s mark in the field to which rights in the mark are based, else the rights will end. Therefore, our fictitious cosmetics company must, to

perpetuate their rights in SUNSET_{TM}, continue using the mark as a brand for cosmetics, or for very closely related goods. Were the cosmetics company to discontinue its cosmetics line altogether, and begin producing computers under the SUNSET_{TM} mark, its rights in SUNSET_{TM} as a trademark for cosmetics would end, and its rights in SUNSET_{TM} for computers (if any are available) would begin only as of the first use of the mark on computers (subject to any prior user's rights in the mark for like or similar goods). Once abandoned by the cosmetics company, trademark rights in SUNSET_{TM} for cosmetics may eventually be appropriated by any newcomer to the industry who begins to use SUNSET_{TM} in selling cosmetics.

E. Protecting Trademarks and Service Mark Rights

1. Patents and Copyrights and Assumed Name Registrations Do Not Help.

Many business people (and even lawyers who do not truly know trademark law) often mistakenly ask about patents or copyrights when seeking to protect their trademarks or service marks. Patents and copyrights can provide very valuable legal protection under certain circumstances, but do not relate in any way to protecting trademarks or service marks.

Also troublesome is the fact that many persons are advised that a trademark or service mark can be "protected" by registering it in the assumed name registry at a county court house (or at the state level for corporations). This is among the most widespread and damaging myth surrounding trademarks and service marks. Assumed name registrations have one purpose -- to provide the true identity of persons or entities operating other than under their own name so that the proper parties for lawsuits can be identified. For example, assume that a sole proprietor operates a plant nursery called "Green Genes", and one of the "Green Genes" truck drivers backs into a car and speeds away. The assumed name registry simply tells the owner of the damaged car whom to contact and, perhaps, whom to sue.

If one relies solely on an assumed name registration to "protect" a trademark or service mark, the user will be very disappointed in the event of any attempt redress any infringement on the basis of an assumed name certificate alone. So far as trademark law is concerned, one has done nothing more than create common law rights (if that) by merely filing a "DBA." The only rights that accrue in relation to assumed name registrations are those that the state may have upon failure to file a required assumed name registration. In other words, one must comply with the laws requiring assumed name registration, but doing so will provide no protection for any associated trademark and service mark.

2. State and Federal Registrations.

At least two things should be done to fully protect rights in trademarks and services marks that one properly adopts and uses: (1) register the mark(s), if possible, at the federal level (at least at the state level) and maintain the registrations for so long as use of the mark endures; and (2) use appropriate trademark or service mark notices.

If one does business solely within the bounds of individual states, and is not involved in interstate commerce, one may only be eligible only for state registration. If one does business across state lines, or somehow affects interstate commerce (operating a truck stop on an interstate highway, for example) then eligibility for a federal registration is likely (if underlying, substantive rights in the mark are available).

What does a trademark registration do for its owner, and what is the difference between state and federal registration? When one registers a trademark or service mark with the state or federal government, federal law and most state laws provide that the registrant is putting the public on notice of claims of exclusivity in the registered mark. The make-up of the "public" depends on whether one has a state or federal registration. In most states, a state registration means that no one in that state can claim ignorance of the associated trademark or service mark rights -- the public is on constructive notice of the registrant's claimed rights in the registered mark, with presumptions of validity of such rights often accompanying the registration.

If one has a federal registration, everyone doing business in the United States "knows" about the claimed trademark or service mark rights (including importers from abroad). The constructive notice provided by trademark registrations helps prevent anyone who infringes the registered mark from claiming to be an "innocent infringer" and avoiding having to pay full damages for their infringing activities. A federal registration also prevents any third party from developing new or additional rights in relation to the registered mark, even if others had used the same mark at only a local area. In many cases, a federal registration "land-locks" all other users of the mark (if any) in the geographic areas in which they used the registered mark, and others cannot expand their use of the registered mark in any way that would give rise to a likelihood of confusion.

Federal and most state registrations also provide their owners with valuable presumptions in trademark infringement actions. Presumptions in the registrant's favor, such as ownership and validity of the mark as a trademark or service mark, are typical benefits of trademark registrations. Absent a registration, a trademark owner would bear the burden in court of proving such matters, even absent a challenge from the alleged infringer. In this respect alone, the cost involved in obtaining trademark and service mark registrations is many times

offset by savings in the litigation context. In many instances, because they can serve as such a potent deterrent to infringers who are challenged and made aware of the registration, the mere existence of a registration is enough to stop the infringement and prevent litigation entirely -- an enormous cost savings to the trademark owner.

F. Federal Intent-To-Use Registrations.

One fairly recent development concerning federal trademark registrations is worthy of mention -- the availability of intent-to-use registrations. In the past, one could only file for federal trademark or service mark protection if the mark had already been in use. This presented a serious problem. To put a mark in use requires considerable investment of money, time and other resources. In the past, many trademark users placed their marks in use, filed for registration, learned of a conflict that prevented registration, and then had to undertake selecting and clearing a new mark. This represented a tremendous waste of resources and a source of great frustration to the business community.

Now, anyone who legitimately intends to use a mark in such a manner as to qualify for federal trademark protection can file a federal trademark application and receive a registration when the mark is actually placed in use (with certain time restraints and nominal additional expense associated with a later-filed statement of use). Accordingly, for the first time in U.S. history, trademarks can (more or less) be "reserved". This process allows a would-be trademark or service mark user to seek registration of the mark, and then only proceed when (or if) the registration is granted.

While even a federal trademark registration is not a guarantee that one will not face a challenge from another trademark or service mark owner on the basis of an alleged infringement, the odds are far better with, as opposed to without, a registration.

This intent-to-use procedure is available only at the federal level. The eligibility for such federal protection should be discussed with your trademark attorney.

G. Trademark Notices

Different trademark or service mark notices are appropriate under different circumstances. A "TM" symbol next to a trademark, or a "SM" symbol next to a service mark informs the public of the user's claim to exclusive rights in the mark. Through use of these notices, one is informing the public of a risk of litigation in the event of unauthorized third party use in any manner that is likely to cause confusion (i.e. infringes the trademark rights). The "TM" or "SM" indicates that one is either relying on common law trademark or service mark protection (no registration yet exists), or that one has obtained only a state registration. If on the other hand one has a federal registration, use a ® symbol is appropriate.

One must never use a ® symbol next to your trademarks or service marks unless you actually have a federal trademark or service mark registration.

H. Duration of Trademark Rights and Registrations

Generally speaking, trademark rights subsist so long as they are not abandoned, or are used in a manner (by the public or the user) in such a manner that the ability of a mark to continue to meet the definitional requirements is not impaired. Trademark registrations are, on the other hand, not of potentially unlimited duration. Federal and some state registrations have renewable terms of ten years.

In the case of federal registrations, certain declarations that demonstrate continued use of the mark must be filed even before the end of the registration's term. Therefore, it is very important for a trademark registrant to be mindful of the steps and procedures required to maintain valuable registrations.

I. Foreign Trademark Protection

This article is too general in scope to effectively discuss foreign trademark protection. It is important to note, however, that a trademark or service mark user should discuss foreign trademark issues with a trademark specialist any time the potential exists to market goods and services in other countries.

A problem faced by many U.S. companies is that of entering a new foreign market and encountering a trademark or service mark registration in that country that was filed by a person or company who anticipated the U.S. company's entry into that market. In such situations, U.S. companies have paid millions of dollars in "ransom" to permit their continued use of valuable, well-established trademarks and service marks in foreign markets.

At present, there is no truly effective international trademark registration system available to U.S. citizens, although there are such systems under consideration. For now, obtaining foreign trademark protection is a country-by-country, or at least region-by-region process. However, this process is made easier (and much more cost effective) through use of your U.S. trademark specialist's network of foreign associates.

J. Selecting a Good Trademark or Service Mark (Staying Out of Trouble)

Keep in mind that "constructive knowledge" of trademark and service mark rights provided by registrations goes both ways. All have constructive knowledge of the trademark or service mark rights of all U.S. trademark registrants. In many cases, one also has constructive knowledge of the rights of persons who have state.

How can one avoid infringing another's trademark rights and getting sued? It is almost impossible to be completely risk-free any time one selects a trademark or service mark. The truism that anyone can sue anyone and

allege almost anything certainly applies in this realm. However, in the trademark context, there is also considerable room for disagreement, even among reasonable minds concerning the potential of a mark to infringe another. As explained above, the controlling question with respect to trademark rights and the infringement thereof is whether or not there exists a likelihood that the consuming public will somehow be confused about any number of factual possibilities relating to the respective users of marks.

When selecting a trademark or service mark one must ask whether or not the trademark or service mark used (or to be used) is so similar to another’s mark that confusion is likely (confusion as to source, sponsorship, approval, affiliation, etc.). If there is no likelihood of confusion, there will be no infringement. This, however, is a very difficult judgment to make, and must be made with the assistance of an experienced trademark practitioner. Even with considerable experience in the field, there is no scientific precision to the judgment of trademark availability. A trademark examiner, considering the results of his/her own trademark search, will consider this same question when one attempts to register a trademark or service mark, as will a court and jury in the instance of trademark infringement action.

One can greatly improve the odds against being sued for trademark or service mark infringement by commissioning a competent trademark and service mark search before adopting a new mark. A trademark search, followed by competent analysis, lessens the likelihood that one wastes substantial time and money in promoting a mark (or filing an intent-to-use application) only to find out that a conflicting mark effectively precludes an further consideration of the mark. Trademark and service mark searches are designed to spotlight registrations of trademarks and service marks which are the same as, or which are confusingly similar to the mark being searched. Most searches will encompass marks registered at the state level (in all 50 states) and at the federal level. Some searches also reveal marks which are in use, but which are not yet registered (“common law marks”). Trademark and service mark searches provide very valuable guidance in adopting a trademark or service mark at a very reasonable level of expense.

It is important to realize that trademark searches vary widely in scope and expense. Quite frankly, a certain measure of financial realism figures into the scope of a trademark search in any given case. A large, multi-national corporation seeking a new trademark for a major new product may spend tens of hundreds of dollars on trademark searches and analysis in order to “turn every stone” (to the extent such is actually possible). This is due, in part, to the substantial investment that such a company will make in its new trademarks and product line, and, in part, to the fact that larger companies are inviting targets to

anyone who might hold even an arguable infringement claim.

The situation is somewhat different for the small business or individual. The costs for the most thorough trademark searches, even if within the means of the client, are probably not justified in most cases involving small businesses and individuals. A point of diminishing returns is reached very early in the progression toward truly exhaustive trademark searches. In many cases, investing around a thousand dollars will reveal likely 95%+ of the reasonably problematic, pre-existing marks (even if only state and federal registrations are reviewed). For slightly greater expense, one can add a reasonable degree of research of common law marks. The substantially greater expense of the most thorough searches is most often directed toward bridging most of the last few percentage points of probability that an unregistered, conflicting mark might already be in use and may cause problems for the new user. At day’s end, however, even the most expensive searches do not guarantee trouble-free use of a mark - there is no perfect trademark search and a certain degree of risk is inherent in adopting any trademark or service mark.

K. Are Trademarks Worth All the Effort?

A trademark or service mark can become the most valuable asset in one’s business. Billions of dollars have been paid for the use or transfer of certain trademarks and service marks. If one sells a business (especially if it is successful), trademarks and service marks and the associated goodwill often account for a significant amount of the purchase price.

Most importantly, one’s trademark(s) and service mark(s) embody the reputation of products and/or services that are, as applicable, made, sold, sponsored, approved, provided or endorsed by their owners. The ability to protect one’s reputation (and one’s customers) from the actions of unscrupulous competitors who may use a confusingly similar trademark or service mark (“trading on one’s goodwill”) can often be of almost inestimable value to a trademark or service mark owner.

III. COPYRIGHT

A. Copyright Basics.

Article II of the U.S. Constitution gives Congress the explicit power “To promote the progress of science...by securing for limited times to authors...the exclusive right to their...writings....” Copyright laws are codified in Title 17 of the United States Code. Any work which embodies originality in the expression of ideas or information is legally protectable if it is “fixed” in a “tangible medium of expression.” Copyright may apply to, among other variations: 1) literary works; 2) musical works; 3) dramatic works; 4) pantomimes and choreographic works; 5) pictorial, graphic or sculptural works; 6) motion pictures

and other audiovisual works; 7) sound recordings and 8) architectural works.

Federal District Courts have exclusive jurisdiction for all civil copyright infringement actions arising under copyright law. Remedies under federal law include monetary damages, statutory damages and injunctive relief. Additional remedies may include forfeiture or destruction of the counterfeiting items, court costs, attorney’s fees if the copyright had been registered, sanctions as well as criminal prosecutions.

B. Copyright: Sometimes More, and Sometimes Less Than Often Believed.

As mentioned, copyright protection extends to the original expression of ideas and information. However, there is no copyright protection for the underlying ideas or pieces of information themselves. In this sense, copyright law provides less protection than many believe. Items that are not subject to the protection of U.S. copyright law include ideas, data, procedures, processes, systems, methods of operation, concepts, principles, natural laws, or discoveries. The mere listing of individuals or businesses and respective telephone numbers in a telephone directory, for example, is “mere information” which is devoid of original expression and outside the reach of copyright protection. The same is true of a mathematical theorem, or the representation of a chemical formula, even if set out in a copyrighted textbook.

One area in which copyright law provides more protection than often believed has to do with the point of copyright inception. Copyright protection attaches from the time that the work is fixed in a tangible or material form. As will be discussed below in more detail, the basic copyright is in no way dependent on the filing of any document with the government, or the use of any particular notice.

Actions that may constitute copyright infringement also is more expansive than many assume. Section 106 of the 1976 Copyright Act gives the copyright owner (or holder) the exclusive right to do, or authorize others to do quite a few more things than many believe. These areas of exclusivity for a copyright owner include: 1) to reproduce or make copies of the work; 2) to prepare derivative works and compilations; 3) to distribute by sale or other ownership transfer, or by rental, lease or lending; 4) a qualified right of public performance, 5) qualified right to display the work; and 6) to perform sound recordings publicly via digital audio transmission.

The exclusive rights of copyright extend far beyond those assumed by most people who are unfamiliar with copyright law basics, and therein lay traps for the unwary. An example of copyright infringement that might not occur to many as such would be the showing of a rented movie to one’s entire neighborhood on an outdoor screen and projector (such as at a “block party”). Most everyone

knows that outright duplication of a rented movie amounts to copyright infringement, while watching the recorded movie at home, in private, is perfectly acceptable. However, many might fail to recognize that the neighborhood performance of the very same movie would likely infringe the copyright in the motion picture as it applies to public performance or display.

Another common example of an assumed (but nonexistent) way around the copyright of another is by mythical “percent change rule.” As mentioned, copyright law not only affords its owner the exclusive right to make verbatim copies of a protected work, but also to make derivative works thereof. Many believe that, if a copyrighted work is changed to some degree (usually stated in terms of a percentage of change), then there is no copyright infringement. This is completely false! The very fact that one has changed or adapted an existing work would, almost by necessity, mean that one has both reproduced it (to arrive at the starting point of the adaptation or change) and has, by changing it, created a derivative work.

C. Copyright Ownership.

Copyright ownership is another topic providing unexpected and unfortunate (and potentially expensive) surprises for the unwary. One trap for the copyright novice comes in the form of “works-for-hire”, or rather works that are *not* works-for-hire, but are assumed to be such. A pervasive myth surrounding copyright law is that, if one pays for the creation of a copyrighted work, or if one pays for the “original” of a copyrighted work, ownership of the copyright goes to the paying party. Without more, merely paying for a copyrighted work, or for its creation in no way transfers the copyright in the work from its creator to the paying party.

An individual or business entity can come to own copyrights in only a limited number of ways. An individual who creates a copyrightable work and fixes it in tangible form will own the copyright in that work, unless he or she created the work in the course and scope of employment for another, contractually assigned or agreed to assign the copyright to another (in writing), or created, by commission, one of several limited number of items which may be deemed “works-for-hire” in writing (such categories will be described below).

Generally, a business entity will only own the copyright in a work which: (1) is created by its employee in the course and scope of the employee’s ordinary work duties (this is one of two forms of a true “work-for-hire”); or (2) is assigned to it through a written assignment.

A person or business entity will own the copyright in a commissioned work, so long as that work is expressly agreed (in writing) to be a “work-for-hire” and is a work that is specially ordered or commissioned for use: (1) as a contribution to a collective work, (2) as a part of a motion

picture or other audiovisual work (3) as a translation, as a supplementary work, (4) as a compilation, (5) as an instructional text, (6) as a test, (7) as answer material for a test, or (9) as an atlas. Finally, one can inherit a copyright, just as any other kind of property, and copyrights can be seized if pledged as collateral or in satisfaction of judgments.

A description of the ways in which one can own a copyright is as important for that which it does not include, as for what it does include. As earlier mentioned, a most dangerous, and often costly myth in the copyright realm is to the effect that paying another to create a copyrightable work, without more, vests copyright in the paying party. A quite frequent clash of this myth and painful reality comes in the context of specially commissioned software. Businesses often hire an outside contractor (not a true employee) to create special software, often at considerable expense. Because the software creator is not a true employee of the hiring business, and because software is not on the list of items which can be designated as a “work-for-hire”, the software creator owns the software (subject to any express or implied licenses to use the software), unless the software creator signs an agreement which conveys the copyright to the hiring business. This unpleasant reality often becomes apparent when business management decides to have a different software designer create a newer version or upgrade (a derivative work), or decides to sell or license the software to a third party. It is then that the business may learn that, without a prior written assignment of the copyright, and regardless of how much was paid for the software development, the business possesses merely the right to use the software, not the right to change it, sell it, license it to others, or do most anything else outside of the originally anticipated nature of use(s) of the software.

Another instructive example is that of the purchase of an original work of art. Assume, for example, that a person purchases, at considerable expense, the “original” of a piece of art. Regardless of the price paid, without a written assignment of the copyright from the artist, or from someone who acquired the copyright from the artist, the purchaser merely holds the right to possess the one, physical manifestation of the copyrighted work. Perhaps to the purchaser’s surprise and consternation, he or she does not have the right to make copies, to put on public exposition, to create any derivatives works, etc.

D. Copyright Fair Use: “But I Copied It For Use In My Class!”

Yet another trap for the unwary relates to “fair use” of a copyrighted work. It is true that the rights afforded by copyright are not absolute, nor unlimited in scope. Sections 107 through 121 of the 1976 Copyright Act provide specific exemptions from copyright liability, or limit the reach of copyright exclusivity.

Simply stated: “fair use” of a copyrighted work is that which, though within the scope of activities explicitly proscribed under Section 106 of the Copyright Act, is permitted, without consent of the copyright owner, if the use of the copyrighted material is in a reasonable and limited manner, and, on balance, sufficiently meets certain statutory criteria. Examples of fair use: when the copyrighted work is used in a review, criticism, or parody; short quote or small reproduction for scholarly (non-profit) work or by a teacher or student; summary for a news report or publication; reproduction by a library or for legislative or judicial proceedings; incidental, ancillary or fortuitous reproductions.

It is very important to realize that the Fair Use Doctrine does not reach nearly so many instances of copyright exploitation as many would like to believe, and there is no simple test to determine its application. Many assume, for example, that copying done for “educational purposes” insulates the copier from copyright infringement liability. Fair use protection relating to education (or otherwise) is not nearly so broad as many would believe. Assume, for example, that a teacher, perhaps under pressure from a school to save money, copies text book excerpts or student worksheets for his or her class. Particularly because the copyright owner’s sole commercial exploitation opportunity of the work is in selling copies to schools, there is little chance that such copying will be found to be fair use, and both the teacher and the school could find themselves “in hot water.” Buying a single professional journal, and making copies for multiple employees of a business is another practice that is often assumed to be fair use. A number of companies have learned the hard way that such a practice rarely amounts to fair use, and can yield substantial copyright infringement liabilities.

E. Copyright Registration: Optional, But Not Really.

Finally, the issue of copyright registration represents an area of confusion and frequent mistakes. It is no longer required (as it once was) to register a copyright, for the copyright to survive after publication of a work. So far as it goes, therefore, it is true, as many report, that copyright registration is no longer required in the United States. However, if a copyright owner publishes their work and fails to register the work before the latter of three months from publication, or before an act of infringement for which they wish to sue, the copyright owner will be deprived of any right in an infringement action to receive “statutory damages” (automatic damages which do not require strict proof of injury), as well as attorneys fees. Therefore, failing to register one’s copyright may well render an otherwise economically viable copyright infringement suit into one that simply cannot be justified from an economics standpoint.

F. Conclusion.

In summary, a copyright applies to more things, provides more rights, is easier to infringe, and/or is harder to own than most people believe. In view of the severity of penalties for copyright infringement, it is important to debunk as many copyright law myths as possible.

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Mr. Henry’s private practice includes prosecuting patent and trademark applications before the United States Patent and Trademark Office and in patent offices throughout the world. His clients range from Fortune 100 companies and University Systems to individual “backyard inventors.” As an active intellectual property litigator, Mr. Henry is also involved, at any given time, in a number of federal court actions throughout the U.S. (and some in Canada) concerning claims of patent, trademark, or copyright infringement.

Mr. Henry is a Lieutenant Colonel in the United States Air Force’s Auxiliary where his unit flies humanitarian, search and rescue and disaster relief missions under auspices of the U.S. Air Force and a variety of federal and state emergency services agencies. Mr. Henry also channels his passion for aviation into his private practice as he flies, nation-wide, to meet clients and manage his various patent and trademark projects and cases. It is, in part, because of his well-known stance that “geography is never an issue when working with me”, that Mr. Henry’s practice extends throughout the United States (and beyond).

