

PROTECTING INTELLECTUAL PROPERTY

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These days, everyone seems to be talking about intellectual property (“IP”). However, few concepts are simultaneously as ubiquitous and misunderstood as IP. This article will attempt to help readers recognize the difference types of IP so that they can better protect and exploit their IP assets.

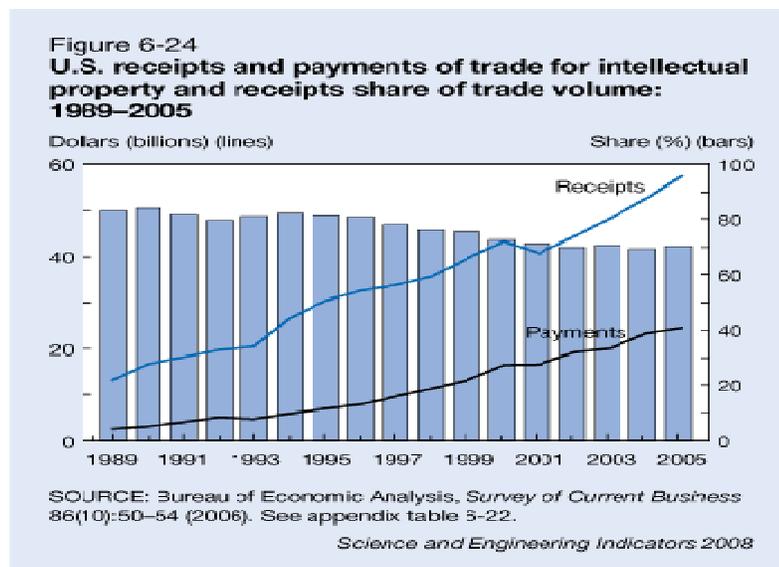
WHAT IS IP?

Although this article discusses specific types of IP in more detail, IP in general can be described as a tangible manifestation of a creative work that is protected by law. IP protection does not generally extend to ideas and concepts unless and until those ideas and concepts are put into some tangible form, such as a book, advertisement, product prototype, drawing, etc. IP owners have the right to stop others from using their IP without express permission, and can pursue injunctions and civil damages against infringers.

WHY DOES IP MATTER?

For companies in the entertainment or high-tech industries, IP is a no brainer. They realize that their entire business relies on the protection and exploitation of their IP assets. However, *all businesses have IP* – though many do not adequately identify, protect, or exploit it. IP can be as obvious as the company’s product line or logo, or as subtle as its internal business methods, strategies, and client lists.

IP is especially important for US companies. As you probably know, the US has a trade deficit with most of its trading partners with respect to most manufactured products (i.e., we import more than we export). However, as the chart below indicates, US companies enjoy a significant trade surplus when it comes to IP (i.e., we export more IP than we import). As such, IP represents an important element of the US economy.



HOW SHOULD COMPANIES ADDRESS IP?

To get the most out of your IP assets, imagine that “IP” stands for “**I**dentify & **P**rotect.” The remainder of this article will help you identify your IP assets, and provide guidance on protecting those assets.

IDENTIFY – Recognize the Types of IP

IP comes in a number of distinct forms. Recognizing the different types of IP is key to identifying the IP assets created and owned by your company and taking the correct approach to securing and protecting your IP rights.

Brands & Logos - Trademark

A trademark is any name, symbol, figure, letter, word, or mark adopted and used by a business to designate its products and to distinguish them from those of others. Although trademarks technically refer to marks used in connection with goods. The word, “trademark” is often used to describe all commercially-identifiable marks, including service marks, trade dress, collective marks, etc., and not just those which relate to products.

For most companies, their primary mark is their business name or logo, but product lines and families, special programs, and even slogans can be trademarks. In the US, the first company to use a mark in commerce will automatically own common law rights to the mark in connection with the goods or services related to the mark. However, these rights will be limited to the geographic areas and markets where the mark is actually used.

To obtain broader protections, companies could register their marks with their state, giving them exclusive rights to use the mark throughout that state, even if they only actually use the mark in a small portion of the state. For the broadest protection, one could register the mark with the United States Patent & Trademark Office (USPTO), giving them exclusive rights to use the mark throughout the US.

Thus, while registration is not required to obtain trademark rights, to ensure the broadest level of protection, it is advisable to do so. Once a trademark is registered, it may be renewed over and over again, provided the mark is still in use.

Situations that might give rise to trademark issues for a typical company include:

- Formation of new company or spin-off
- New products/marketing campaign
- Enter new markets (incl. overseas)
- Notice a similar mark used by other company
- Merger/Acquisition or Financing

Artistic Works - Copyright

Copyrights refer to the rights which inure to the creator of artistic works such as books, paintings, music – and computer software.

Similar to trademark, copyrights are created immediately upon the creation of the work. As such, copyrights do not need to be registered. However, registration with the US

Copyright Office, a division of the Library of Congress, provides additional rights/benefits to IP owners.

Copyrights created today can last 100 years, but cannot be renewed (whether registered or not). Also, under an international treaty called the “Berne Convention,” this is the one type of US IP right that gets automatic protection in other countries.

Situations that might give rise to copyright issues for a typical company include:

- Creation of web site or advertisements
- Hiring software company to develop contact management program
- Creating training materials/PPTs
- Develop newsletter or fact sheets to distribute to clients/post on web, etc.

Inventions - Patent & Trade Secrets

Patents are meant to protect the rights of inventors of useful items and methods by allowing them to stop others from others making, using or selling their inventions. There are no “common law” rights to a patent. Patent rights can come only from the issuance of a patent by the USPTO.

To obtain a patent, inventors must file a patent application with the USPTO for an invention that is novel, unique and non-obvious. Patents rights generally cover the functionality of an item or method, rather than its appearance, although design patents do protect the ornamental elements of an invention. Patents expire 20 years after application is filed (14 years from the date of issuance for design patents), and cannot be renewed.

Like patents, trade secret laws protect the rights of inventors of useful items and methods by allowing them to stop others from others making, using or selling their inventions. However, there is no registration requirement to obtain trade secret protection. Generally, secrets kept from the world by that relate to how to manufacture, use, or sell something (i.e., give a competitive advantage) will be protected as long as the owners of the secret keep the secret. Unlike patents, trade secret protection does not expire, but will last as long as the secret remains a secret and continues to be commercially useful.

Situations that might give rise to patent or trade secret legal issues for a typical company include:

- Company invents a new product
- Company develops a new business method
- Pitching new invention/method to potential investors
- Learn of a competitor’s use of a patented product
- Merger/Acquisition or Financing

PROTECT – Secure & enforce your IP rights

Once you have identified your IP assets, you need to take action to protect them. There are two basic means of protecting IP: direct and indirect.

Protecting IP directly refers to using contracts and individual relationships to protect your IP rights. For example, a way to protect trade secrets would be to require non-disclosure agreements be signed by anyone exposed to the secret (including employees). This is a valuable tool because it allows you to define the scope of your rights and more easily identify when an infringement occurs. The limitation of direct action is that you can only enforce your rights against those with whom you have a contract relationship.

Indirect IP protection involves taking advantage of government registration protections to secure your IP rights against a much broader group of would-be infringers. The key limitation of indirect IP protection is that, due to the broad scope of protection, it is difficult to spot infringement, particularly when the infringing activity is isolated or remote.

Whenever possible, it is advisable to use both direct and indirect means to protect your IP.

Once companies have secured their IP rights, they can maximize the value of the IP by using it, themselves, or can license it to others in exchange for royalty payments.

If someone uses the IP of another without permission, this is known as infringement. When infringement occurs, it is the IP owner who must take action to enforce its rights; there is no “IP Police Force” watching out for possible infringement. Instead, IP owners, themselves, must be vigilant and take definitive action against infringement, which may include writing letters or initiating law suits. Failure to take action in the face of infringement could result in the loss of IP protection for IP owners.

As this article indicates, all companies possess some forms of IP and must be vigilant in identifying and protecting their IP assets, lest they lose them. A knowledgeable IP attorney can provide advise and assistance to companies hoping to better **Identify** and **Protect** their IP, so feel free to contact attorney Jim Chester. [Click Here to Email Jim Chester](#)