INTELLECTUAL PROPERTY BASICS

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1. Copyrights.

a. Definition. Federal copyright law allows protection of "original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." 17 U.S.C. § 102(a). All copyright protection is provided at the federal level. The states do not get involved in copyright regulation or protection. Federal copyright laws give the owner of the copyright the exclusive right to make copies of the copyrighted material, together with the exclusive right to make derivative works (e.g. revisions, sequels, etc.) of copyrighted material. A copyright protects the expression of an idea only. It does not give the owner a proprietary right in the idea itself.

b. Requirements for Federal Copyright Protections. To be copyrighted, the work must be fixed in some medium. A work that resides solely in the head of the creator cannot be copyrighted. In addition, the work must be original. The originality requirement has a very low threshold, and is usually interpreted to mean simply that the work must be the creator's own product, not just copied from another source in the public domain.

c. Creation, Maintenance and Effect of Copyright Protection. A work does not need to be registered in order to be protected under federal copyright law. A copyright comes into existence when a work that meets the requirements for copyright protection is first created. The moment a person creates such a work, that person is automatically and immediately vested with a federal statutory copyright protecting that work. Although no longer required, it is a good idea to put a copyright notice ("© 2008 Tyson Snow" or "© 2008 Manning Curtis Bradshaw & Bednar") on copyrighted material. This copyright notice will prevent an infringer from defending its

infringement by arguing that it was accidental.

d. Extent of Copyright Protection.

i. Independent Works. A copyright protects only against copying a work. It does not protect against the possibility that someone may independently create a work identical to the copyrighted work. For example, if an author independently creates a written work copyrighted by someone else, the subsequent author will not have infringed upon the earlier author's copyright if he or she can prove that the subsequent work was independently created and was not copied from the original work.

ii. Underlying Expression. In addition, a copyright gives the owner the exclusive right to copy a work, but does not give the owner an exclusive right to the expression contained in the work. For example, obtaining a copyright on word processing software means that a competitor cannot copy that program and sell it as its own. The copyright does not prevent a competitor from developing its own word processing software.

e. Fair Use Doctrine. The so-called "fair use" doctrine provides that the fair use of a copyrighted work for purposes such as criticism, comment, news reporting, teaching, scholarship or research is not an infringement of copyright. Some of the factors used to determine whether the use made of a work in any particular case is a fair use include the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes, the nature of the copyrighted work, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, and the effect of the use upon the potential market for or value of the copyrighted work.

f. Federal Copyright Registration.

i. Benefits. Registering a copyright is not a prerequisite for obtaining a copyright. Registering the copyright with the United States Copyright Office does, however, give the creator certain procedural benefits if the copyright is infringed. For example, the creator cannot commence legal action for infringement of a its copyright until the copyright is federally registered. This requirement does not preclude an action for an infringement that occurred prior to registration. Such registration is simply a procedural formality that must be completed in order to allow commencement of the action. Also, if a work is registered with the United States Copyright Office before or within five years of its first publication, the Certificate of Registration constitutes *prima facie* evidence of the validity of the copyright and of the facts stated in the Certificate of Registration, including the identity of the author and the date of first publication. Finally, registering a copyright with the United States Copyright Office allows the holder of the copyright to recover statutory damages and attorney's fees in an infringement, in lieu of having to prove actual damages. These benefits can decrease the creator's litigation costs in an infringement suit.

ii. Registration Requirements. Registering a copyright is fairly simple and inexpensive. An application form together with one or two (depending upon the type of work being copyrighted), copies of the work to be copyrighted must be filed with the United States Copyright Office together with a $35.00 filing fee. A Certificate of Registration is issued within eight months of filing of the application.

g. Works for Hire. The copyright for a work created by an employee is presumed to be vested in the employer. If the creator is not a true employee (e.g., the creator is an

independent contractor or was commissioned) the "work for hire" test depends on the following factors:

i. The hiring party's right to control the manner and means of doing the work.

ii. The amount and degree of skill required to create the work.

iii. Who provided instruments and tools.

iv. The location of the work.

v. The duration of the relationship between the hiring party and the creator.

vi. Whether the hiring party may assign other projects to a third party.

vii. The hiring party's discretion over when and how long the creator should work.

viii. The method of payment.

ix. The creator's role in hiring and paying assistants.

x. Whether the work is created in the regular course of the hiring party's business.

2. Trademarks and Service Marks

a. Definitions.

i. Trademark. A trademark is a word, name, symbol, device, phrase or expression used by a manufacturer or merchant to help consumers identify and distinguish its goods from those of its competitors. The right to use a trademark can become exclusive if certain legal requirements are met.

ii. Service Mark. A service mark performs the same function as a trademark,

except that it is used by suppliers of services rather than suppliers or manufacturers of goods. Service marks and trademarks are often confused, and are entitled to the same legal protection.

iii. Trade or Business Name. A trade name or a firm name can be identified to a trademark, but it is used to identify a business entity rather than to identify specific goods or services marketed by that business entity. It is important that a trademark usage be established independently from the firm name usage. For example, if a business incorporates under the name "Joe's Widgets, Inc." with the intent of manufacturing and marketing a product called "Joe's Widgets", the state will not allow anyone else to register their business under that name. Absent trademark protection, however, a business named "Steve's Widgets, Inc." could still sell a product called "Joe's Widgets."

b. What Can Be Protected as a Trademark or Service Mark. A wide spectrum of words and combinations of words or symbols can be used and protected as a trademark. An arbitrary word or symbol that is has no relationship to the product it represents has the best trademark potential (e.g., Kodak). A word or symbol that is suggestive of the product it represents has a very good trademark potential (e.g., "Obsession" for perfume). A descriptive word or symbol is more difficult to trademark and could lose its trademark protection if it becomes used generally (e.g., Lite Beer, Express Mail). Finally, a generic word or symbol that merely describes the product is not protectable as a trademark (e.g., telephone, desk).

c. Establishing a Trademark. Under common law, the rights to a trademark are established when the business adopts a particular mark and actually uses it in commerce. Actual use in commerce requires a sale of goods with the mark either affixed to the goods or to the container for the goods. Use of a trademark in commerce, not registration of the trademark, is

the key to attaining protectable trademarks rights. Valid, enforceable trademark rights can be obtained at common law without ever registering the trademark, although registration offers certain advantages.

The date of first use of a trademark in commerce is important in establishing the priority of rights over the rights of the use of a conflicting mark. Typically, the company or person who first uses a protectable mark in commerce is deemed the owner of the mark, at least in the geographic area in which the mark is actually being used, unless someone else has already filed an application for a federal registration of the mark based upon their intent to use it.

Federal registration of a trademark gives the registrant a nationwide right of priority in its trademark. The registration of a trademark is deemed constructive use of the trademark in all areas of the country, thus giving the registrant priority from the filing date over all others who might use the mark, except those who used the mark prior to such filing and who have filed their application for registration of the mark.

d. The Trademark Registration Process. An application for federal registration of a trademark is filed in the United States Patent and Trademark Office. The filing fee is $275.00 to $375.00 (depending on the filing method used - fees are current as of July 1, 2008) per category in which the mark is registered. Applications for registration are examined by a trademark examiner. If it appears to the examiner that the applicant is entitled to have the mark registered, the mark is published in the official Gazette of the Patent and Trademark Office, and anyone objecting to the registration of the mark has 30 days after publication in which to file an opposition. Assuming no opposition is filed, a certificate is issued certifying that the applicant has complied with the law and that the applicant is entitled to registration of the mark. A federal

Certificate of Trademark Registration remains in effect for ten years, and may be renewed for unlimited additional ten year terms. During the sixth year after registration, the applicant is required to file an affidavit indicating that the trademark is still being used in commerce. Failure to file the affidavit will result in a termination of the registration.

e. Trademark Notice. If a trademark or service mark is federally registered, the circle R symbol (®) should be affixed to the trademark or service mark each time it is used. If the trademark is not federally registered, "TM" can be affixed with the trademark to give notice that the person using the trademark is claiming common law trademark protection for the mark. "SM" is the correct notice for a service mark that is not federally registered.

f. Loss of Trademark. A trademark or service mark can be lost in several ways. A federally registered trademark is generally considered abandoned when there are two years of unexplained non-use of the mark. A trademark can also be lost through incorrect or improper licensing procedures. Any trademarks are lost when they become generic terms, i.e., when consumers no longer associate the trademark with a particular brand of product, but rather with the class of products.

g. Benefits of Federal Registration. Federal trademark registration provides legal notice to others throughout the United States that a trademark has been established and is not available for use by others. When a trademark is federally registered, it is more convenient and generally less expensive to enforce the trademark owner's right to exclusive use. After five years of use, a federally registered trademark becomes incontestable and the defenses available to an infringer are limited. More severe penalties can be imposed upon the infringer of a federally registered trademark than against the infringer of a common law trademark.

h. State Registration. A business can also register its trademark or service mark with the Utah Division of Corporations and Commercial Code. Registration is valid for 10 years. State registration provides protection only in this the State of Utah. Because the process is fairly simple (completion of a single form) and inexpensive ($22 filing fee), however, state registration is a good idea for a primarily local business or a business that cannot yet afford to register federally. *See* http://corporations.utah.gov/pdf/tmapp.pdf.

3. Patents.

a. Definition. An invention, product or process that is novel and useful can be protected by federal patent law. The protection afforded by a federally issued patent can prevent someone other than the inventor from making, copying, using or selling the product or process. There is no common law patent protection. In order to obtain patent protection, a patent must be issued by the United States Patent and Trademark Office. Patent law is highly specialized and a business seeking patent protection should seek the advise of an attorney specializing in patent law.

b. Requirements. To obtain a patent, the inventor must meet several technical requirements including:

i. A mere idea for an invention or product is not patentable, nor is a new concept or formula or newly discovered principle, regardless of how novel or useful they may be. To be patented an idea or concept must be embodied in a specific product or process.

ii. The invention must be novel or new.

iii. The invention sought to be patented cannot be obvious to a person having ordinary skill.

iv. The invention sought to be patented must be useful.

c. Patent Application Process. A patent application consists of a written specification, a drawing if necessary to understand the invention or process, an oath or declaration of the inventor, and the appropriate filing fee. A patent may take several years to issue. Patents are valid for 20 years from the date of application. They are not renewable.

d. Patent Notices. While the patent application is being processed the invention may be labeled "patent pending." However, during the period in which the application is being processed the inventor may not prevent others from copying the product. Nevertheless, use of the "patent pending" notice may discourage others from spending capital to develop a competing product that may be rendered obsolete once the patent is issued. After the patent is issued, the work "patent" or "pat." and the patent number should be placed on the product or its package. Failure to put such a notice on the product or package may preclude the holder of the patent from recovering damages against an infringer until the infringer is put on actual notice of the patent.

e. Patent Assignment. If the business does not obtain the patent itself, it must obtain and register a patent assignment from the inventor. Absent an assignment, all patent rights will reside with the individual inventor and not the business.

4. Trade Secrets.

a. Relationship with Other Intellectual Property Rights. Independently of the protection afforded under the copyright, trademark and patent laws, certain business information, inventions, devices and "know-how" can be protected under state trade secret laws if certain elements are present. Trade secret laws, including the Utah Uniform Trade Secrets Act (U.C.A. §13-24-1 *et seq.* (the "Utah Trade Secrets Act"), were designed to prevent the acquisition,

disclosure or use of valuable business secrets through improper means or in violation of express or implied agreements to the contrary. Trade secret law is not intended to prevent the use of trade secrets acquired in a proper manner. Similarly, trade secret law does not prevent the discovery and subsequent use of a trade secret of another by examination of the other's product or by reverse engineering. Trade secret laws are only designed to protect information that is truly secret from improper acquisition and use.

b. What is a Trade Secret. Trade secrets are defined as follows in the Utah Trade Secrets Act:

> "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:
>
> (a) derives independent economic value, actual or potential, from not being known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and
>
> (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Utah Code Ann. §13-24-2(4).

The most important factor in determining whether something is a protectable trade secret is whether it is actually secret and whether the business has taken reasonable affirmative measures to protect the information's secrecy.

c. Protection of Trade Secrets. The Utah Trade Secrets Act provides both injunctive relief and damages for actual or threatened misappropriation of trade secrets. The statute also provides that attorney's fees can be awarded if a business makes a bad faith claim of

misappropriation of a trade secret, or where the misappropriation of trade secrets was willful and malicious.

d. Maintaining Trade Secret Protection. The most important factor in determining whether injunctive relief or damages will be awarded for the misappropriation of trade secrets is whether the information is truly secret. The business must take steps to actively maintain the secret status of the business' trade secrets. For example, visitors should not be allowed open access to areas where they can see or learn of trade secrets. Trade secrets contained in documents or embodied in physical materials should be kept locked up when not in use. The business should carefully control access to secret computerized data and use signs or other notices of restrictions on access. The business should also establish guidelines for disposing of materials describing or containing trade secrets, and should label sensitive documents as being secret.