Protecting Your Intellectual Property

Leonard DuBoff

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Protecting Your Intellectual Property

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By Leonard D. Duboff <lduboff@dubofflaw.com>

Intellectual property has emerged as one of the most dynamic areas of modern law, and it is essential for every business person to have an attorney familiar with general intellectual property principles and the potential traps for the unwary.

Trademark

Names, symbols, logos, and combinations of these, when used to identify the sources of products or services, are within the purview of trademark law. In order to determine whether a trademark may legally be adopted by a business, it is essential to determine whether the name, symbol, or logo is potentially protectable and whether the proposed trademark sounds like, looks like, or is confusingly similar to a protected mark.

In ISCYRA v. Tommy Hilfiger, 80 F.3d 749 (2d Cir. 1996), the world-renowned clothing designer desired to use the words “Star Class” and a solid red, five-point star to adorn a line of nautical clothing products. The clothing designer’s attorney recommended that a full trademark search be conducted, but the client felt that it was not necessary and examined only marks in Class 25, a clothing classification. A full search would have revealed the International Star Class Yacht Racing Association’s use of the mark in the yachting context. The court said, “Willful ignorance should not provide a means by which [the defendant] can evade its obligations under trademark law.” The case was remanded for additional findings on whether defendants acted in bad faith because of a failure to conduct an adequate search. Commentators have suggested that the Hilfiger case provides a clear message that intentional ignorance will not be tolerated.

It is not uncommon for business people to adopt trademarks or trade names without conducting appropriate searches. In these situations, stationery is purchased, signs are installed, advertising is commenced, and then a prior user of the trademark or one confusingly similar to it complains. At a time like this, it is clear that the cost of an appropriate search would have cost far less than the cost that will be incurred in changing the mark, and the loss of goodwill resulting from the change aside.
It is, therefore, clear that you should have your lawyer conduct trademark searches before using any names, symbols, or logos to identify products or services.

**Copyright**

Virtually everybody deals with some form of copyrightable material. These include, among other things, art, literature, music, software, or, using the words of the statute, any “original work of authorship.” All that the law requires is that the work be original, that it have some degree of creativity, and that it be fixed in a tangible form.

Since January 1, 1978, any copyrightable item is automatically protected by the federal statute once it is “fixed” and in a tangible form. Initially, the revised copyright statute required the work, when published, to have a copyright notice affixed to it, or the protection would be lost. In 1988, the law was amended when the United States became a party to the Berne Copyright Treaty. Section 401 of the Copyright Act was revised to make the notice provisions optional, and since March 1, 1989, when the Berne Convention Implementation Act took effect, the notice is no longer required.

Unfortunately, this is not the entire story. Relying on Section 401 is dangerous for at least two reasons. First, Section 405(b) makes it clear that one who relies on the omission of notice may be deemed an “innocent infringer.” Innocent infringers, according to the statute, may not be liable for damages and may even be permitted to continue their infringing activities. Section 401(d) provides copyright owners with the ability to defeat the defense of innocent infringement by having the appropriate copyright notice affixed to the work when it is published, but failure to use notice on published copyrighted works can, thus, significantly undermine the protection afforded by the federal statute.

The second problem deals with registration. It is not necessary to register and deposit the copyrighted work with the Library of Congress unless the copyright has been infringed and you desire to file suit for infringement – the work is copyright protected without registration. However, Section 411 makes it clear that a copyright owner may not file suit for infringement unless the copyrighted work has been registered. It is also prudent to register the copyrighted work when the Library of Congress, after discovering no work has been deposited with it after publication, requests that two of the best copies of the work be deposited with the Library of Congress. Failure to do so can subject the copyright owner to statutory penalties of up to $250 per work, the total retail price, or the cost to the Library of Congress to acquire copies and a fine of $2,500.

You might conclude from this discussion that registration and deposit are not important unless the Copyright Office demands deposit or unless an infringement has occurred. Unfortunately, this is not the case, and delaying the registration of a copyright can be devastating.

Sections 502 through 505 of the statute provide copyright owners with a host of remedies when their rights have been infringed. These include the ability to recover actual damages, to obtain
injunctive relief, and to obtain an order requiring that infringing works be destroyed. If and only if the work was registered before the infringement occurred, the statute provides for statutory damages in lieu of actual damages of no less than $750 and up to $30,000 per infringement, and if the infringement can be shown to be willful, up to $150,000 per infringement. With a copyright registered prior to the infringement, in addition to these remedies, the copyright owner may recover reasonable attorneys’ fees incurred in the litigation. Additionally, if the work is registered within three (3) months of the date of first publication, the registration will be retroactive back to the date of first publication.

It is, therefore, clear that failing to promptly register your work may put you in the untenable position of having to litigate a federal case without the possibility of being able to recover the attorneys’ fees incurred in the litigation. In addition, it is often the situation that actual damages are quite low because the infringement was discovered early on, and, thus, the recovery may be paltry. Without the ability to recover statutory damages in lieu of actual damages, protecting your copyright may be an expensive and unrewarding experience.

You should, therefore, contact your attorney regarding registration and the appropriate notice to be placed directly adjacent to or on your work.

**Patents**

An invention of a “new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof” may be patented. The patent law makes it clear that a patent may only be applied for within 12 months of initial disclosure of the invention. This is referred to as the “on sale bar,” and courts have clarified what “on sale” means for purposes of starting the one-year clock ticking. In Pfaff v Wells Electronics, the United States Supreme Court announced two conditions that, if satisfied, will start the clock running. First, the product must be offered for sale; and second, the invention must be ready for patenting. In Pfaff, an engineer showed a sketch of a concept for a new socket to Texas Instruments, and, though he made no prototype at the time, Texas Instruments placed an order. The court considered the invention to have been “on sale” from the time of the offer.

It is, therefore, important that a patent application be filed within 12 months of the date the invention is disclosed or the right to obtain a patent will forever be lost. This situation gave rise to a new and interesting phenomenon. The www.bountyquest.com site allowed individuals or businesses wishing to obtain information about “prior art” to post that request and offer a bounty for the information. Anyone throughout the world who provided information establishing “prior art” would earn the reward, and the advertiser would be in a position to invalidate a patent. Bountyquest.com was extremely busy, and numerous offerings were posted. For some reason, this site has gone dark, but there are likely other similar postings ventures on the horizon.

In today’s world of rapid online communication, inventors desiring patent protection must be diligent. Before applying for a patent, a “prior art” search should be conducted to determine
whether the invention is truly new and innovative or whether rights have already been secured by somebody else. In addition, once a prior art search has been completed and it is determined that the invention is potentially patentable, an application must be filed within one year of initial disclosure. If you create any potentially patentable process, method, or the like, you should contact your attorney immediately.

Trade Secrets

The Uniform Trade Secrets Act has been adopted in some form by virtually every state in the United States. Under that statute as adopted in Oregon, a trade secret is defined as information that derives economic value from not being generally known to the public or to other persons who can gain economic value from its disclosure and is the subject of efforts to maintain its secrecy. The law thus provides protection for anything which provides commercial advantage and which is treated by its owner as a “secret.” This includes anything from your customer list to a method of implementing a business plan.

You should adopt a trade secret program. This will require an experienced business lawyer to evaluate your trade secrets and recommend methods whereby they can best be secured. The statute does not require that trade secret owners use agreements, but it is wise to do so. All employees should be advised of the fact that they will be working with and exposed to the business’s trade secrets, which should be protected. Employees should also be coached on how to best protect those secrets. This employee’s education should begin when the individual is first hired and continue throughout employment. An admonition about the company’s trade secrets should be given when the employment is terminated as well. Similarly, nondisclosure-nonuse agreements should be used whenever individuals other than employees are given access to the business’s trade secrets. Care should be taken to mark all trade secrets as such, as they should be secured as well as possible.

It is important to implement the recommendations of your lawyer regarding trade secrets before there are any problems with respect to misappropriation of those trade secrets. If your intellectual property attorney alone does not possess the business knowledge to assess your trade secret status, then your attorney should associate with skilled business counsel to service your legal needs. Unfortunately, failure to properly protect a business’s trade secrets may result in a loss of those valuable assets.

Conclusion

Attorneys are occasionally criticized for “over-lawyering” projects. This occasionally is the case, but it is important to follow an experienced intellectual property attorney’s recommendations with respect to intellectual property so that you are not deprived of protection or remedies.