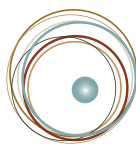




You Snooze, You Lose

**What Every Entrepreneur Needs to Know
About Securing Intellectual Property**

By Steven H. Weigler, Attorney at Law



EmergenceCounselSM

FOCUSED ON ENTREPRENEURS
AND EMERGING BUSINESSES

YOU SNOOZE, YOU LOSE:

What Every Entrepreneur Needs to Know about Securing Intellectual Property

By Steven H. Weigler, Attorney at Law

This is the result of a collaboration between EmergeCounsel founder Steven Weigler, Esq., and University of Denver legal externs Michael Wenman and Tanya Fuhrman-Wenman.

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ENTREPRENEURS & IP PROTECTION

The dictionary definition of an entrepreneur is one who “organizes and operates a business or businesses, taking on greater than normal financial risks in order to do so.” Most entrepreneurs launch enterprises because a) they believe there is opportunity, b) they have the skills and expertise to take advantage of that opportunity, and c) the opportunity is sustainable enough to justify the risk. Of course there are always exceptions, but I think most people would agree that if these three criteria are not met, the entrepreneurial endeavor is going to be chancy at best.

*Entrepreneur Magazine*¹ recently published the five common characteristics of entrepreneurs: passion, perseverance, resourcefulness, open-mindedness, and the ability to be “sponge-like.” In my experience, many entrepreneurs are also careful and detail-oriented.

However, there is a more universal proverb that encompasses any venture: “the devil is in the details.” For example, if you are about to manufacture the first piece in your clothing line, it is essential that you carefully check the measurements before you invest in thousands of them. If you are about to bring a digital app to the commercial market, it is important to check—and double check—the code so the app doesn’t crash when it goes to market.

The same holds true with your legal matters. If you were going to invest your time and money on building a hotel, it is important to do the due diligence and work with lawyers and title specialists to establish that you would actually own and/or have the rights to build on that piece of real estate, and to acquire the proper zoning to maintain it as a hotel. Otherwise, you might spend a lot of time and money building something you cannot actually use.

I have had the opportunity to ^{both} work as the founder/CEO of an educational technology company, and now as an intellectual property (IP) and business attorney. When I was a technology entrepreneur, securing and maintaining IP protection was far from the top of my mind—and I am a licensed attorney! However, as I hope I can drive the point home to you, timely IP strategy and legal protection is just as important as checking code or making sure that you have the title or permitting necessary to build a commercial building. Quite simply, if you do it properly, you can build a lot of value and make a lot of money. If you “snooze” on intellectual property protection, you can lose your brand, your exclusivity, your “secret sauce,” your employees, your potential exclusivity or competitive advantage, your money, and even your business if you do not protect your intellectual property in a timely fashion.

¹ “5 Key Characteristics of Entrepreneurs,” *Entrepreneur Magazine*, April 22, 2014.

Starting with the type of intellectual property that is relevant to almost every entrepreneur, *brand*, this book will lay out the various types of intellectual property and focus on how they relate (or do not relate) to your business. We will cover IP strategy, trademark, copyright, patent, and trade secret protection. We will then examine examples of the interrelation between strategies. Finally, we cover how to make money on intellectual property licensing.

EmergeCounsel is always available to assist on strategizing and protecting your intellectual property. I hope the combination of this material and our services help you build value in your business.

IP LEGAL TOOL CHEST

Much like a burglar alarm or a fence protects your home, the following legal tools protect your intellectual property:

- **Trademark law**—provides vital protections to your brand name, logo and packaging for as long as a product or service is used in commerce
- **Patent law**—protects your tangible ideas and inventions for a limited period of years
- **Copyright law**—protects the expression of creative works
- **Trade secret law**—protects sensitive information from disclosure
- **Licensing law**—covers the right of an intellectual property holder (i.e., a brand holder) to exploit and make money off their intellectual property by providing limited rights to others

All these provide protection and allow you to make money off your intellectual property. This protection is mostly inexpensive and very broad.

Ingredients for Strong Brand Presence Include:

- Reputation and trust in a particular product or service
- Customer service guarantee
- A promise of quality and/or superiority
- Price (e.g., high cost; low cost or value)
- Emotional appeal (e.g., fun, fanciful)
- Product benefits (e.g., low-fat, energizing)
- Brand functions (e.g., sports, entertainment, food)
- Attitude it projects or inspires to/within its target customers

Working with an intellectual property attorney like **EmergeCounsel** from the inception of your product or service will help you to both clear the brand, and protect your IP assets from infringement, copying or misuse.

BRAND

All strong brands take advantage of strong intellectual property protection. After all, brand is intellectual property, and you can protect intellectual property.

What would happen if you started a website called Facebook, or a fast-food restaurant named McDonald's? How about a Mexican restaurant called Chipotle, or even a small hardware store named General Electric? What if you used the colors, lettering, or bottle design that Coca-Cola uses?

It would only be a matter of days before an attorney would be knocking on your door and demanding liquidation of assets, along with court costs and attorney's fees.

Every business, including yours, has a brand.

IBM, Apple, BMW, McDonald's, General Electric, AT&T, Home Depot, Facebook, and Nike focus on different goods and services, but they've all built famous *brands*. Their brand value alone is in the billions of dollars.

A great example of brand value is Martha Stewart Omnimedia, which has made millions of dollars by simply putting the Martha Stewart logo on everything from pots and pans to outdoor furniture and paint. Martha Stewart does not manufacture a thing: Omnimedia licenses the brand to various manufacturing and distribution companies and collects millions of dollars. Omnimedia is profiting off the *brand value* of Martha Stewart.

Of course, companies like these have huge budgets to create and support their brand. But brand building and management usually starts humbly and employs common-sense tactics that any entrepreneur can learn. Just ask Ben Cohen and Jerry Greenfield, who started a small ice cream store in Vermont (now Ben & Jerry's), or Fred DeLuca, who opened Pete's Super Submarines in Connecticut (now Subway).

What all strong brands share is strong identity, consistency, and attention to intangibles. For example, when someone thinks Coca-Cola, they are thinking of a particular taste (vanilla and cinnamon with hints of lemon, lime, orange, and nutmeg), a particular logo or set of artwork, and a particular packaging look and feel.

When any of this changes, the damage to the brand can be catastrophic. For example, in the early 1970s, Schlitz—the largest brewery in the world at the time—changed the formula for its flagship beer. Within a few years, the company was out of business.

TRADEMARK PROTECTION

Trademarks protect brands.

Most, if not all, brands have common-law trademark protection. This essentially means that you can argue to a court that someone stole your brand/trademark (which is intellectual property) just like you could go to court if someone stole your bike (physical property). However, you would not leave your bike out in the middle of the street—it would practically be inviting someone to steal it. The same goes for your trademark: if you do not formally secure it, it is very vulnerable.

The most effective way to secure brand intellectual property is by seeking trademark protection through the United States Patent and Trademark Office (USPTO). (You can also secure state trademark protection if you only want to protect the brand in one state or for other strategic reasons.)

Trademark: includes any word, name, symbol, device, or any combination thereof used by a person or which a person has a bona fide intention to use in commerce to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

The main purpose of trademark is to a) assure that there is no likelihood of confusion in the marketplace and b) protect brand. A trademark can either be filed as a word mark (e.g., APPLE), a design mark, or both.



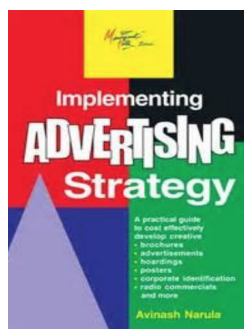
Word marks may include a word, logo, or slogan. This could also include a domain name or the name of a person. Examples include: Nike, Pepsi, Amazon, “What Would You Do for a Klondike Bar?” and Ralph Lauren.

Design marks include graphic marks from logos, images, drawings, etc. Design elements may include color, typeface, stylization, logos, and other designs.

Trade dress refers to the look and feel of a product, service, or product packaging or labeling. It is the overall appearance or impression created by the design and appearance elements. Trade dress includes such features as color schemes, textures, sizes, designs, shapes, placements of words, and graphic decorations.

Trade dress protection has been found for:

Book and magazine covers.



The appearance of a lamp.



A restaurant's décor and style.



Trademarks can be almost anything at all that is capable of carrying meaning, including, sound, shapes, and color. For example, the three-note chime that NBC uses for its broadcasting services, or:

A shape (Coca-Cola bottle).



As for **color**, an attorney can help you determine if color will maximize your profit. A single color or color combination may be protected as trade dress under certain circumstances.

Examples of colors that federal courts have determined as protectable include:

The color pink by Owen Corning for fiberglass/building insulation.



The color brown by UPS for package delivery services.



Many brands are protected by numerous trademarks. For example, MillerCoors has filed hundreds of trademarks (e.g., Coors Banquet, Coors Light, MillerCoors, the design of each beer label, Molson Canadian, Coors Field, The Silver Bullet, Miller Lite, Blue Moon, etc.)

A major part of the strategy between an attorney and a brand client is getting the maximum amount of trademark protection for the least amount of money. This is done through a combination of strategizing, filing formal trademark, and maintaining the trademark, including gathering the proper specimens and categorizing the mark properly.

Is every brand protectable through trademark?

The short answer is no. The USPTO only registers certain distinctive trademarks through the relevant statute.

The two types of brand marks that are the most likely protectable are those that are distinctive through being *arbitrary* or *fanciful*. Fanciful marks are the easiest to remember, as these are often made-up words, like Starbucks or Verizon.

This is an **arbitrary mark** (Sun has an independent meaning from the mark):



These are **fanciful marks** (none of these marks have independent meanings):



A “distinctive mark” (all of the above) in branding bears no relation to the products or services for which it applies.

Trademarks that are descriptive, such as “Denver Design Center” or “Steve’s Hardware” are generally not strong enough for initial protection. Through both time and marketing efforts, the mark can become distinctive (e.g., Ace Hardware) and afforded trademark protection.

When should I protect my brand through trademark?

If the business already has significant, protected intellectual property (e.g., a patented cure for cancer), the need for a trademark is not as important. However, most companies rely more on building competitive advantage through marketing and brand recognition. In these cases, brand is very important, which means securing trademark protection as soon as practicable is essential.

Trademark attorneys focus on strategies to obtain the **strongest, and most distinctive, trademark as soon as possible—without the need to rebrand**. An attorney can also help to ensure proper use, maintenance, and enforcement of the brand.

What types of trademark protection are there?

There are three types of trademark protection in the U.S.: common law, state, and federal (USPTO) protection.

Trademark rights arise from using the trademark in commerce in connection with a product or service. Rights for unregistered trademarks, known as common-law rights, are limited in scope and generally extend only to the territory where the mark is used.

Do I need to register my trademark?

(This is an incomplete thought. As long as ... you should register? Or does the next sentence indicate that you don't need to as you get common-law protection (albeit weak protection).)

As long as it does not infringe on any other trademarks (anyone can make a claim in court for common-law trademark infringement). However, common-law trademark protection is considered weak. Advantages in formally registering trademarks (federally) include:

- The exclusive ability to use the ® sign.
- Constructive notice of your exclusive right to use the mark.
- The ability to bring a number of types of infringement actions in federal court.
- The ability to use U.S. registration as a basis to obtain registration in foreign countries.
- The ability to potentially seize foreign goods at U.S. Customs that infringe on the mark.

Are there geographic trademark limitations in the United States?

GEOGRAPHIC LIMITATIONS FOR UNREGISTERED MARKS

Common-law trademarks are generally protected in areas where the marked products or services are sold or advertised.

1. Owner is entitled to exclusive use where the mark's reputation has been established and in territory expected to be reached in the normal expansion of business.
2. Owner is entitled to prevent others from intentionally trading on the owner's goodwill even outside the established areas.

The earliest user in a new area prevails. Each party continues to be able to use the mark in their original territory.

GEOGRAPHIC LIMITATIONS FOR MARKS REGISTERED WITH THE USPTO

1. Registering a valid mark will entitle the registrant to the exclusive use of the mark in the whole country—not just where it’s used.
2. When there is a conflict with a similar non-registered mark in a region, the non-registered party can assert a “limited area.” This defense allows the non-registered party to claim priority in the area where he used the mark prior to the other party’s trademark registration. However, the non-registered party’s use is “frozen” and cannot be expanded outside the existing territory zone of expansion.

How do I register a trademark?

The **U.S. Patent and Trademark Office** (USPTO) is the federal agency that administers the Lanham (Trademark) Act and regulates registration of trademarks on the federal trademark register.

FEDERAL REGISTRATION PROCESS

It usually takes one to two years from filing the application to obtain a federal trademark registration. The process generally consists of the following steps:

1. **Search and clearance:** to ensure that the mark is available for use and registration.
2. **Filing the application:** filing of a new trademark application (may be based on use in commerce or intent to use).
3. **Paying the filing fee:** based on the number of classes covered in the application; must be paid when the application is filed.
4. **Examination:** this is carried out by USPTO office examiners, including office actions and required responses, if applicable.
5. **Publication:** including any resulting opposition once published.
6. **Registration:** if there is no opposition resulting from the publication period.

A federal registration is effective for ten years, is subject to maintenance requirements, and may be renewed for additional ten-year periods if certain requirements are met.

STATE TRADEMARK REGISTRATION

Every U.S. state operates a trademark branch that offers registration in that particular state. State registrations generally grant rights no greater than those obtained under common law. Advantages include:

- May be useful to a purely local business.
- Provides constructive notice of the registrant's claim of ownership in the state.
- Appears in trademark search reports to put third parties on notice of claimed rights.

Requirements and terms for state registrations vary by state. Generally, a mark must be used in commerce within the state before registration can be obtained.

Are trademarks internationally protectable?

The U.S. and other countries under the English common-law legal system, including Australia, Canada, South Africa, and the UK, generally acknowledge trademark rights to the first party to use the trademark. Conversely, most non-common-law countries, including China, Brazil, and Spain, generally acknowledge trademark rights to the first party to register the trademark.

If you plan to seek international protection, it is important to identify the possible geographic area(s) where you currently use or plan to use the mark, including determining each jurisdiction where your business either a) owns a registration for and/or uses the mark or b) where you plan to use and/or register the mark.

There are two main international law considerations instated to secure trademarks.

1. MADRID PROTOCOL REGISTRATION

Most countries in the world accede to the Madrid Protocol. Under the Protocol, instead of having to file a separate application for trademark registration in each individual Madrid Protocol country that conforms to the requirements, a trademark owner may file a single international application in his or her home country's trademark office. The home country's trademark office then forwards the application to WIPO's International Bureau, which submits the application to each designated Madrid Protocol country's trademark office. Each national trademark office then examines the application in accordance with domestic law (as if it had been submitted through that country's regular channels) and determines whether protection is available for the mark in that country.

2. PARIS CONVENTION

In a Paris Convention jurisdiction, trademark owners can file applications for the same mark up to six months after the first filing and still claim the first filing date as the effective filing date. As priority in most countries is based on the filing date, an applicant can secure a filing date by applying to register its mark in one principal country and then determining the other countries in which to seek protection.

What should I have in my trademark portfolio?

The following are common elements of a complete trademark portfolio:

- Trademarks, including service marks, collective marks, and certification marks.
- Trade dress, including product packaging and design.
- Trade names.
- Domain names.

You can probably tell by now that trademark is an arcane area of law. Statistics demonstrate that even those who hire a trademark attorney still face a high percentage of failure. Furthermore, if you file an application wrong, the mark can be canceled and the protection becomes meaningless and can expose the canceled entity to trademark infringement damages.

The following is a list of various common rejections by the USPTO.

LOSS DUE TO “GENERICNESS”

A **generic term** is the name of a particular genus or class of which an individual article or service is but a member (e.g., aspirin or cellophane). A generic term is not protectable. The effect of a term becoming generic is cancellation of the mark’s registration.

- In *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, the U.S. Court of Appeals for the Federal Circuit ruled that “Pretzel Crisps” for a type of pretzel crackers was too generic to be trademarked. Accordingly, the trademark was canceled even though a company was branding under that name. This allowed Frito Lay to also use the term “Pretzel Crisp.” In a surprising twist, the Court overturned their ruling in May 2015 and accordingly, Frito Lay can no longer utilize “Pretzel Crisp.”

LOSS DUE TO “DESCRIPTIVENESS”

A **descriptive term** identifies a characteristic or quality of an article or service (e.g., “Vision Center” for a business offering optical goods and services).

- In *Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises*, the Trademark Trial and Appeal Board (TTAB) canceled “Annapolis Tours” for guided tours of cities, since the name was merely a descriptive term.
- In *DuoProSS Meditech Co. v. Inviro Medical Devices, Ltd.*, the U.S. Court of Appeals for the Federal Circuit found the marks and design of “Snap” and “Snap Simply Safer” were merely descriptive for medical syringes.

LOSS DUE TO “SUGGESTIVENESS”

As opposed to a descriptive term, a **suggestive term** may be protected if it is primarily distinctive. A suggestive term *suggests*, rather than describes, particular characteristics of the goods or services to which it applies. It requires the consumer to exercise imagination in order to draw a conclusion as to the nature of the goods and services (e.g., Coppertone, Roach Motel).

- In *In re King Productions, Inc.*, the TTAB sought registration for the mark “Rock Your Body” for books and DVDs in the fields of dance, exercise, and fitness. This mark was found protectable by trademark because the applicant made a sufficient showing that the mark was suggestive enough to have acquired distinctiveness.

LOSS DUE TO “FUNCTIONALITY”

Trademarks cannot be functional (i.e., essential to the use or purpose of the article, or affecting the cost or quality of the article). The rule on functionality prevents trademark law from inhibiting legitimate competition by allowing a producer to control a useful product feature.

- In *In re Florists’ Transworld Delivery, Inc.*, the TTAB upheld a refusal to register a specific color as applied to packaging for flowers and floral arrangements because it was aesthetically *functional*. The loss was due to “failure to function as a trademark.”

It is essential to assure that the filing meets the definition of a trademark.

- In *In re Pohl-Boskamp GmbH & Co. KG*, the TTAB refused registration of the flavor and scent of peppermint for nitroglycerin spray (to prevent heart attacks), finding that the flavor was *functional* and a *product attribute* as opposed to a source indicator.

LOSS DUE TO “LIKELIHOOD OF CONFUSION”

Likelihood of confusion is the **most common refusal**. Infringement will usually be found if the marks are similar enough that confusion can be expected. When goods are totally unrelated, there can be no infringement. When goods are in related fields, marks can be confusing.

It is essential to do a thorough trademark search through a trademark attorney or other experienced source to avoid losing trademark due to the likelihood of confusion (“confusion refusal”). A confusion refusal can also tip off the original trademark owner, leading him or her to seek trademark infringement damages.

- In *In re Viterra Inc.*, the U.S. Court of Appeals for the Federal Circuit issued an opinion ruling that Viterra’s proposed “Xceed” trademark for agricultural seeds was likely to cause confusion with another company’s already-registered “X-seed” word and design mark for identical goods.
- In *Central Garden & Pet Company v. Doskocil Manufacturing Company, Inc.*, The TTAB canceled “Zilla” based on the likelihood of confusion with the registered “Petzilla” and “Dogzilla.”
- In *Midwestern Pet Foods, Inc. v. Societe des Produits Nestle S.A.*, Nestle’s “Beggin’ Strips” mark for pet treats has been in use since 1988 and was registered in 1989. A company tried to trademark “Waggin’ Strips” and was prohibited from doing so because the Federal Circuit indicated that a) Nestle’s “Beggin’ Strips” was filed first, b) Nestle had large strength in the mark, c) the marks were overly similar, d) the products were identical, and e) trade channels and customers for the product overlapped.

LOSS DUE TO “LIKELIHOOD OF CONFUSION AND DILUTION OF FAMOUS TRADEMARKS”

If a trademark is famous (e.g., Coca-Cola, AT&T), it is afforded additional protection separate from the “likelihood of confusion” protection.

- In *Defining Presence Marketing Group, Inc. (DPMG)*, the company filed four separate applications to register the mark “Crackberry” for various marketing services, computer services, online chat rooms and electronic bulletin board services, and assorted clothing items. The mark was denied protection because “Blackberry” is a famous mark.

LOSS DUE TO “CANCELATION OF A DISPARAGING MARK”

Anyone can challenge a mark because it is disparaging against a class of people.

- In *Harijo v. Pro Football, Inc.*, the TTAB ordered cancellation of six Pro-Football, Inc. “Redskins” trademark registrations, finding the marks disparaging to Native Americans. However, the courts reversed the decision, and the case is currently in flux.

LOSS DUE TO “CANCELATION FOR ABANDONMENT OF MARK”

It is essential to keep trademark filings current and utilize the mark consistently.

- In *City National Bank v. OPGI Management GP Inc.*, the TTAB granted a petition to cancel a registration for the mark “TreasuryNet” for financial information services on the ground of abandonment, finding that the registrant’s internal use of the mark for its own benefit was not a use in commerce. Specifically, there was no advertising or outside use of the “TreasuryNet” mark.
- In *SaddleSprings, Inc. v. Mad Croc Brands, Inc.*, the TTAB ruled that even though the mark “Croc-Tail” was used internationally, it was never used in the United States. Accordingly, the USPTO could cancel the mark for non-use.

What happens if someone violates my trademark?

Using proper notice and trademark symbols (™ for an unregistered trademark and ® for a federally-registered trademark) will provide added protection where appropriate. Proper notice acts as an early warning system to would-be infringers and helps when seeking to prove that a defendant knew about another’s rights.

Common-law protection and establishing priority

If multiple parties want the same trademark or a similar one, the law usually awards the trademark to the first party to use the distinctive mark in commerce, as opposed to the first party to register the mark.

How long does the law protect a federally registered mark?

Trademarks are generally protected for ten years with an option for ten-year renewals. There are filing requirements to maintain the mark.

What are the causes of action for trademark infringement?

The *Lanham Act* (which is the law for federally registered marks) allows the trademark owner to sue for: commercial misrepresentation and false advertising; unfair competition; and/or misleading representation that is likely to cause confusion, cause mistake, or deceive with regard to another person's goods, services, or commercial activities.

COPYRIGHT PROTECTION

Unlike trademark protection, which is focused on protecting against brand confusion, copyright protection is focused on protecting *original works of intellectual and artistic expression* in multiple categories, including books and magazines, photographs, movies, music, software programs, drawings, graphic designs, business plans and charts, websites, paintings, sculpture, fashion, architecture, and live performances.

A recent example of copyright infringement is *Tom Petty v. Sam Smith*. Mr. Petty sued Mr. Smith for releasing a song ("Stay With Me") that sounded a lot like one authored by Mr. Petty (*I Won't Back Down*). Mr. Smith is now paying royalties to Mr. Petty on every dollar made from "Stay with Me."

What cannot be copyrighted?

Almost anything can be copyrighted if it is a) original and b) fixed in a tangible media. For example, computer code is copyrightable; however, if you are using open-source code, you can't copyright it because the code did not originate from you or is not original to you. Accordingly, attorneys can assist in parsing out what is copyrightable versus what is not copyrightable.

Can I protect something through both trademark and copyright?

Many entrepreneurs obtain both copyright and trademark protection for their brands. Copyright protects the fixed media; trademark protects names, terms, and symbols that are used to identify the source of goods and/or services on the market as well as distinguishing them from those of others.

In addition, copyright protects original works of authorship, while a patent protects inventions or discoveries. Ideas and discoveries are not protected by copyright law, although the way in which they are *expressed* may be.

patent makes a cameo here without explanation.
Maybe add it to the title of this section?

Accordingly, it is not unusual to work with an intellectual property attorney to “co-protect” goods and/or services through both copyright and trademark **protection**. [and patent?](#)

How can I receive copyright protection?

You do not need to do anything to receive copyright protection. As long as you can establish that the work is original and in a fixed media, it is protected.

In the U.S., copyrights are regulated by the U.S. Copyright Office under the authority of the Federal Copyright Act. Copyright registration is done by filing an application with the Copyright Office, paying the specified filing fee, and, in most cases, depositing a copy (or excerpt) of the work with the Library of Congress.

Online registration through the electronic Copyright Office (eCO) is the preferred way to register basic claims for: literary works; visual arts works; performing arts works, including motion pictures; sound recordings; and single serials. A certificate of registration indicating that the work has been registered is issued upon acceptance, or, if the application cannot be accepted, a letter is sent explaining why it has been rejected.

Registration may be made at any time within the life of the copyright. For any work created after January 1, 1978, it is not necessary to make another registration when the work becomes published (although the copyright owner may register the published edition as well). Similarly, the copyright lasts for the author’s lifetime and 70 years after the author’s death.

What are the benefits of copyright registration?

Even though registration is not a requirement for protection, copyright law provides several advantages to encourage copyright owners to register their works. These advantages include:

- Establishing a public record of the copyright claim.
- Allowing the owner of the copyright to record the registration with the U.S. Customs Service, to protect against the importing of infringing copies.
- Enabling the copyright owner to file an infringement suit in court (copyright registration is required before the suit can be filed).
- Providing evidence of the validity of the copyright and of the facts stated in the certificate (if the copyright is registered before—or within five years of—publication).
- Allowing the copyright owner to be awarded statutory damages and attorney's fees in court actions (if copyright registration is made within three months of the work's publication, or prior to an infringement of the work). Otherwise, only an award of actual damages and profits is available to the copyright owner.

How difficult is it to prove copyright infringement?

Proving copyright infringement can be extremely difficult because of the need to establish originality. This battle can both be expensive and technical. For example, the Best Western logo was not considered original enough to receive copyright protection. Furthermore, judges have even denied that famous works of art are original enough to receive copyright protection. In summary, copyright infringement is very difficult, but not impossible, to prove.

PATENT PROTECTION

A patent is a government authority or license that gives the patent holder a right or title for a set period of time—especially the right to *exclude others* from making, selling, or using an invention.

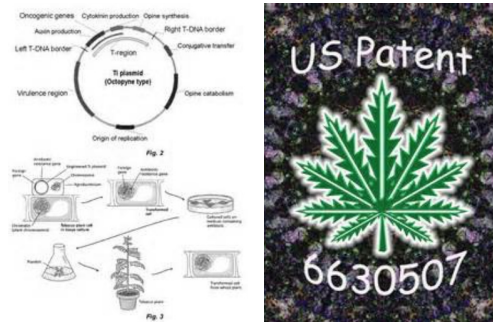
U.S. patents are protected for 20 years from the date the application was filed.

Once a patent has been issued, the patentee must enforce/police the patent or it will be considered invalid. As such, anyone creating a patent strategy should determine whether they have the resources to launch and follow through on a potentially lengthy battle with patent infringers.

What types of patents are there?

There are three types of patents: plant, utility, and design patents.

Plant patents may be granted to anyone who invents or discovers and reproduces any distinct and new variety of plant. They are extremely specialized and rare. The example below illustrates the patent for the marijuana plant.




Utility patents are about *function* in that they may be granted to anyone who invents or discovers any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement on any of these. This is the most common type of patent.

Design patents are about *aesthetics* in that they may be granted to anyone who invents a new, original, and ornamental design for an article of manufacture.

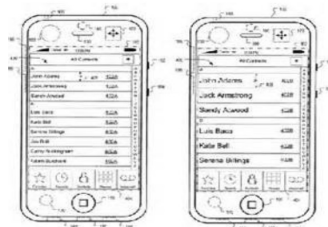
What is the difference between a utility and design patent?

A utility patent provides a function, while a design patent provides aesthetics.

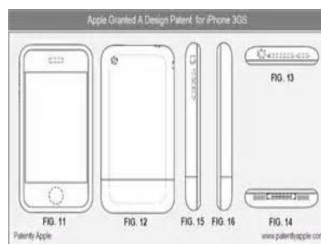
The example below illustrates differences between the utility and design patent for the iPhone.

Utility Patent for the iPhone 7,479,249	Design Patent for the iPhone D636,392
Claim 1. A computing device, comprising: a touch screen display; one or more processors; memory; and one or more programs, wherein the one or more programs are stored in the memory and configured to be executed by the one or more processors, the one or more programs including: instructions for detecting one or more finger contacts with the touch screen display; instructions for applying one or more heuristics to the one or more finger contacts to determine a command for the device; and instructions for processing the command; wherein the one or more heuristics comprise...	Claim: The ornamental design for an electronic device with graphical user interface, as shown and described.
	

Utility Patent (below)



Design Patent (below)



If you attempt to obtain a patent, can you also obtain other types of IP protection?

Certainly. The most common overlap is securing a design patent in addition to trade dress (a form of trademark protection) for the same product.

The overlap between copyright and patent can be explained as follows:

- Copyright protects the *form of expression* rather than the subject matter of the writing. For example, a description of a machine could be copyrighted, but this would only prevent others from copying the description; it would not prevent others from writing a description of their own or from making and using the machine.
- Patent law specifies the general field of subject matter that can be patented and the conditions under which a patent may be obtained. Patent law specifies that the subject matter must be “useful.” This means that the subject matter must have a useful purpose, which also includes operativeness. For example, a machine that does not perform the intended purpose would not be called useful, and therefore would not be granted a patent.

Why is a patent difficult to obtain and maintain?

Patent protection requires the disclosure of an idea or invention through the process of a patent application, and a U.S. federal patent lasts for 20 years from the date the application was filed.

Since a patent does not grant the right to make, use, offer for sale, sell, or import the invention, the patentee's own right to do so is dependent upon the rights of others and whatever general laws might be applicable. A patentee, merely because he or she has received a patent for an invention, is thereby not authorized to make, use, offer for sale, sell, or import the invention if doing so would violate any law.

Interpretations of the statute by the courts have also defined the limits of subject matter that can be patented. Thus, the laws of nature, physical phenomena, and abstract ideas are not patentable subject matter. Furthermore, a patent cannot be obtained for a mere idea or suggestion. The patent is granted upon the new machine itself, and not upon the *idea or suggestion* of the new machine.

What is patent infringement?

Infringement of a patent consists of the unauthorized making, using, offering for sale, or selling any patented invention within the U.S. or its territories, or importing any patented invention into the U.S. during the term of the patent. If a patent is infringed, the patentee may sue in the appropriate federal court. The patentee may ask the court for an injunction to prevent the continuation of the infringement and may also ask the court for an award of damages caused by the infringement.

In such an infringement suit, the validity of the patent is called into question. Infringement is determined primarily by the language of the patent, and if what the defendant is making, using, offering for sale, selling, or importing does not fall within the language of the patent's claims, there is no literal infringement.

If the U.S. Government infringes a patent, the patentee can seek damages from the U.S. Court of Federal Claims. The government may use any patented invention without permission of the patentee, but the patentee is entitled to obtain compensation for the use by or for the government.

Who prosecutes patents?

The USPTO administers patent laws as they relate to the granting of patents for inventions, and performs other duties relating to patents. Applications for patents are examined to determine if the applicants are entitled to patents under the law, and patents are granted when applicants are so entitled. The USPTO publishes issued patents and most patent applications 18 months from the earliest effective application filing date, and makes various other publications concerning patents. Patents are issued in the name of the United States under the seal of the U.S. Patent and Trademark Office, and are either signed by the director of the USPTO or electronically written thereon and attested by a USPTO official.

Most inventors employ the services of registered patent attorneys or patent agents. The law gives the USPTO the power to make rules and regulations about which patent attorneys and agents are allowed to practice before the USPTO. Persons who are not recognized by the USPTO for this practice are not permitted to represent inventors before the USPTO. The USPTO maintains a register of registered patent attorneys and agents.

EmergeCounsel partners with attorneys licensed by the USPTO and internationally for patent prosecution.

TRADE SECRET PROTECTION

What is a trade secret?

A trade secret usually meets these three criteria:

1. The trade secret information is not generally known or ascertainable outside of the owner's organization and control.
2. The owner derives economic value or business advantage from the information not being generally known.
3. The owner makes reasonable efforts to preserve its secrecy.

What types of trade secrets are there?

Trade secret subject-matter protections prevent the disclosure of business, financial, and technical information (such as ingredients in a food/beverage recipe known as a “secret recipe,” chemical formulas, client lists, marketing plans, pricing and discounting structures, production processes, and software source code).

What is the difference between trade secret protection and patent protection?

Trade secret protection is the opposite of patent protection in terms of disclosure versus non-disclosure. Trade secret protection *prevents* disclosure, while patent protection *requires* disclosure by the very nature of the patent application and publication process.

How can I obtain and maintain trade secret protection?

Trade secret protection generally lasts until the subject matter of the trade secret becomes publicly available or until its owner no longer derives economic value from its secrecy.

Federal statutes protect trade secrets only in limited circumstances, and there is no federal regulation of trade secrets. Legal authority for the protection of trade secrets in the U.S. is largely a matter of state law, enforceable in state and federal courts. Every state recognizes some form of trade secrets. All states, except Massachusetts and New York, as well as the District of Columbia and the U.S. Virgin Islands, have adopted a version of the Uniform Trade Secrets Act (UTSA).

What qualifies as a misappropriation of a trade secret that would constitute infringement?

Misappropriation of a trade secret most commonly occurs through one or more of the following acts:

- A current or former employee's misuse or improper disclosure of the information.
- Physical or electronic theft of documents.
- Breach of a valid confidentiality agreement.

States vary in their recognition and enforcement of employee/employer non-compete agreements. Some states are liberal in their enforcement, while other states heavily restrict the territorial/geographic limits and narrow the subject matter restricted.

INTEGRATING PROTECTIONS

Below are examples comparing trademark, trade dress, copyright, patent, and trade secret protections, depicting all aspects of intellectual property protection.

Example: the Coca-Cola product

**TRADE DRESS
FOR COCA-COLA
PACKAGING**



**COPYRIGHT
DRAWING FOR
COCA-COLA**



**TRADE SECRET
FOR COCA-COLA'S
SECRET RECIPE**

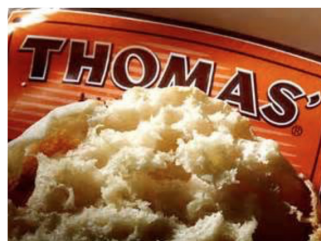
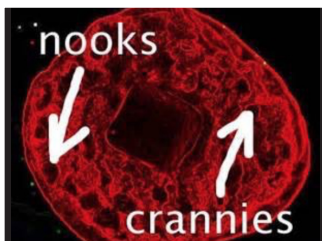


**PATENT FOR THE
COCA-COLA BOTTLES**

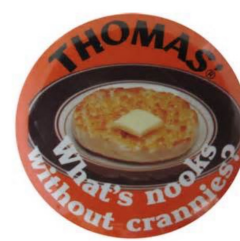


Example: the Thomas' English Muffin product

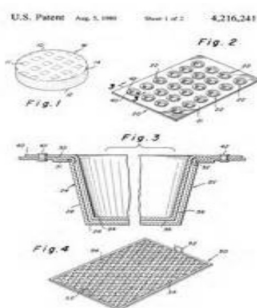
**TRADE SECRET: THOMAS' ENGLISH MUFFIN
SECRET RECIPE FOR ITS ORIGINAL
"NOOKS & CRANNIES"**



**TRADEMARK LOGO OF THOMAS'
ENGLISH MUFFIN: "WHAT'S NOOKS
WITHOUT CRANNIES?"**



**U.S. PATENT: METHOD FOR THE
PRODUCTION OF A NEW AND NOVEL
ENGLISH MUFFIN FOR MASS PRODUCTION**



**COPYRIGHT: THOMAS' ORIGINAL
ENGLISH MUFFIN ADS**



Example: the Dove product

TRADEMARK AND TRADE DRESS PACKAGING FOR DOVE PRODUCT



PATENT FOR DOVE SOAP: FORMULA AND DESIGN

Formula	Slough Ratio	Use Up Ratio
XVIII	13.4	1.57
XXVIII	11.56	1.81
75% XXVIII 25% 85/15 soap	7.89	2.11
XXXVII	9.8	1.57
XXXVIII	7.77	1.26
XXXIX	5.3	1.34
85% XXXIX 15% 80/20 soap	6.59	1.38
XXXXI	3.09	1.03
XXXXIA	6.84	2.22
XXXXIB	2.96	
3447	0.97	0.88
3447-A	1.66	0.89
3447-B	1.27	0.95
3447-C	1.68	1.16
3447-D	2.83	1.03
Translucent soap	2.35	1.25
Dove™ moisture bar	1.63	1.13



COPYRIGHT: DOVE PRODUCT ADS



TRADE SECRET: BEAUTY MINERALS FOR DOVE PRODUCT



STRATEGY BEFORE ACTION

EmergenceCounsel receives a number of calls each week from business owners asking to secure intellectual property. However, many of these callers have little strategy on what they are going to do with the protection, or how it may affect their companies or its principals.

Strategizing IP in General

I often urge my clients to list out their brand names, product names, domain names, future design ideas, graphic designs, colors, jingles, and secret sauces. I then request that they prioritize what they want to protect. Once everything is listed and prioritized, then looking at the actual forms of intellectual property protection (e.g., patent, trademark, trade secret) and assigning a budget and process to each is the final strategic step.

For example, if the brand is called Joe's Restaurant of Denver, unless the restaurant is established and famous, it would probably be low on the list for formal protection. However, if it is a very unique brand or logo that is integral, or if you have a process that you don't want anyone to know, it most likely would be very high on the list for formal protection.

Brand Protection

I have been called many times to secure trademarks for clients. However, my trademark work doesn't matter if you don't have a brand strategy. In truth, certain brands make a lot of money because they strategize and protect their branding, marketing, and potential licensing. Others go through the motions and many times flail.

If you are not currently in the market, the first thing to do is assure that you will not have any brand infringement issues. This is called *brand clearance*.

Brand clearance is actually complicated, and intellectual property attorneys like EmergeCounsel focus heavily on this area. It takes far less time and effort to secure something than to argue with an attorney who has evidence that you infringed on their client's brand.

For example, someone else may have secured the domain name, but that alone does not create brand rights. For example, swa.com will not take you to the Southwest Airlines website because someone has bought that domain and either does not want to sell it to Southwest Airlines or Southwest Airlines does not want it. In fact, domain law is a separate area of law. (On that note, a domain name search is a great place to start figuring out what your brand is going to be: if you can't secure the domain, you may not want the brand.)

Also, sometimes there are many trademark filings for the same brand name, which is okay as long as they are in completely separate areas (for example "Apple"-brand apples as opposed to Apple computers).

The best first step is to conduct a small, informal audit on the branding before doing anything, including obtaining a trademark.

Questions to ask yourself during this audit include:

- What goods and/or services do you provide (now and in the future)?
- Can you find any evidence of anyone else using those goods and services?
- Is your brand unique enough to be protected, or is merely descriptive?
- Are you actively using your brand in commerce?
- What are your distribution channels?

- Do you plan on licensing your brand name?
- Do you have a logo? Are you happy with your logo? Can you grow with your logo? Does it align appropriately with your company's mission and objectives? Do you see your logo or packaging changing now or in the future?
- How is your brand communicated (visual and/or written form)? Do you need to develop a brand strategy?
- Do you have any commercial licenses or wholesale agreements?
- Is your brand aligned appropriately to your company's mission and objectives?
- What are your identified benefits, functions, and features of your product(s) or service(s)?
- How is your company currently viewed by consumers in terms of reputation, trust, and loyalty?
- What are the unique characteristics you want associated with your company?
- Are your goods and services so unique that brand becomes less important and intellectual property protection becomes more important? For example, if you are bringing a new technology heart replacement valve to market, the name of the valve is not as important as the functionality and reliability.

Patent Strategies

A number of my clients want to get a patent. When looking at patent strategies, the focus is usually on protecting the core technologies of the business by keeping away competitors for a number of years. Entire multi-volume treatises have been written about patent strategy. For the entrepreneur, however, there are a few key screening questions that focus on the expense and difficulty of obtaining patent protection. These questions include:

- What is the specific technology you are trying to patent? Can you articulate it? Is it currently being used by your business or others (which makes it non-patentable)?
- It is sufficiently new, useful, and non-obvious?
- Are you sure (because the standard is very stringent)?

This is a bit unclear - is it only non-patentable if it is in use by others? It sounds like if either you OR others use it, it is non-patentable, which seems wrong -- of course you will use your own patentable invention, right?

- Do you have the financial resources to obtain a patent?
- Are there any major players in your particular market (e.g., Apple or Pfizer) that also have patents? Do you have the financial resources ready if battle is required between you and the major players?
- Can you quantify the value of the patent to your bottom line?
- Knowing that patents are public domain, would yours be so unique or difficult to replicate that establishing patent rights will not be futile?
- Are there other strategies that might be as effective as a patent (like keeping the invention secret)?

In summary, patent protection, while relatively sexy, is expensive, and the protection is not available to every entrepreneur.

PROTECT FIRST, LICENSE SECOND, MAKE MONEY THIRD

It probably comes as no surprise that many famous brands make a ton of money on merchandise that they do not manufacture and may not even market or sell. The NFL, NBA, Nike, MillerCoors, Anheuser-Busch, Jack Daniel Distillery, the Rolling Stones, Coca-Cola, Hard Rock Café, MoMA, and Starbucks are prime examples of companies who license their intellectual property to let others manufacture and/or sell merchandise using their brand or other assets—increasing both their presence and their bottom line. A plethora of inventors have licensed their patents to companies that have the distribution channels and business acumen to create revenue. Every time you listen to Spotify or XM Radio, the songs you hear are licensed copyright.

Legally speaking, intellectual property licensing is a key tool for businesses seeking to gain revenue and build their brand without expanding their core focus. According to a recent press release issued by the International Licensing Industry Merchandisers' Association, in 2014, retail sales of licensed merchandise totaled an estimated \$13.4 billion in royalty revenues and \$241.5 billion in retail sales.

The complexity and length of intellectual property licensing agreements vary, depending on a variety of factors that include:

- The relationship between the parties.
- The types of licensed products or services.
- The arrangement's value and duration.

In some cases, a full license agreement may not be the most appropriate agreement between the parties. Other agreement types to consider include:

- **A permission letter:** this authorizes another party to make limited and specific use of a trademark.
- **A coexistence agreement:** typically used when two parties need to agree on certain terms and conditions for the coexistence of their trademarks in the market.
- **A consent agreement:** when one party grants another party consent to register and use a mark.

Key considerations in licensing include:

- The scope of the license grant (including geographic territory, permissible uses, and exclusivity).
- Whether the mark can be sublicensed to another (which could dilute the power of the license grantor to control the brand, good, or service).
- License fees, royalty payments, and advertising contributions.
- How to maintain quality control.
- Whether the licensee or licensor assumes liability in case of a lawsuit.

CONCLUSION: TWENTY QUESTIONS TO ASK YOURSELF

Intellectual property (IP) law is not tangible, making it a bit obtuse and, to many, more than a bit boring. However, a combination of IP protection strategies is as important a method of protection as an entrepreneur can find.

In order to figure out exactly what intellectual property (and other corporate legal) strategies to implement, I ask my clients twenty questions so I better get to know the entrepreneur and the condition, vision, and end goal of the business.

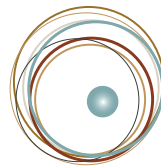
1. What is your vision for the business?
2. What is your exit strategy?
3. How does your balance sheet look?
4. Is the company producing revenue?
5. Have you yet marketed your good or service?
6. What is the legal structure of the business?
7. Do you believe you currently own any IP and if so, what?
8. If there were any investors, who were they? Are they employed by the company?
9. Do you have investors? Do you want to seek investment?
10. Is this a growth or lifestyle business?
11. What goods or services do you provide now or in the future?
12. Is your industry regulated (e.g., cannabis, insurance, alcohol)?
13. Have you done a brand analysis? A trademark search?
14. Have you gotten any press? Published any academic articles?
15. Where did you get the idea?
16. How did you create the name of the business? Are you willing to change it if more protection is afforded?

17. How risk adverse are you as the entrepreneur?
18. What is your legal budget?
19. Do you have a clear chain of title for your IP? Do you think anyone else (e.g., an employee) would claim it?
20. Have you licensed anything? Do you plan on either being a licensee or licensor as part of your business?

I would be glad to walk through these questions with you as part of my no-cost initial consultation to determine if EmergeCounsel can help you realize your business goals. Getting to know entrepreneurs and their businesses is honestly one of my favorite parts of the profession!

ABOUT EMERGE COUNSEL

EmergeCounsel focuses on intellectual property protection and general counsel services for businesses across the U.S. Located in Denver, Colorado, we are available to structure your customized intellectual property and business strategies.



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