



Features

Protecting Intellectual Property 101

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Brands, logos, inventions — it can be difficult to know which types of intellectual property (IP) your organization actually owns. Here, an attorney who specializes in IP issues shows you how to identify them, plus shares the correct measures to secure and protect your organization's unique IP rights.

In the entertainment or high-tech industries, the value of intellectual property, or IP, is obvious. Executives in these fields know their businesses rely on the protection and exploitation of their IP assets. However, *all businesses* have IP — although many don't adequately identify or protect theirs.

Technically speaking, IP is a tangible manifestation of a creative work that is protected by law. IP protection doesn't generally extend to ideas and concepts unless and until those ideas and concepts are put into some tangible form — a book, advertisement, product prototype, drawing and so on. IP owners have the right to stop others from using their IP without express permission, and can pursue injunctions and civil damages against infringers.

IP can be as obvious as the name of an organization's product line or logo, or as subtle as its internal business methods, strategies and client lists. Recognizing the different types of IP is critical to identifying the IP assets created and owned by an organization, and taking the correct measures to secure and protect its IP rights.

Brands and Logos — Trademark Issues

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 words "mark" and "trademark" are often used to describe all commercially identifiable marks, including service marks, trade dress, collective marks and so on — and not just those related to products.

For most organizations, the primary trademark is the business name or logo; however, product lines and families, special programs and slogans can also be trademarks. In the United States, for example, the first organization to use a mark in commerce automatically owns common-law rights to the mark in connection with the goods or services related to it. Federal registration of trademarks with the United States Patent and Trademark Office (USPTO) grants exclusive rights to use the marks throughout the country. Trademark rights can last indefinitely, assuming the mark is still in use and serves to identify a particular organization's goods or services.

Situations which typically give rise to trademark issues include:

- Formation of new organization or spin-off
- New products and marketing
- Entering new markets
- Noticing a similar mark used by another organization
- Mergers, acquisitions or financing

Artistic Works — Copyright

Although copyrights for books, paintings and music, as well as computer software, fabrics, furniture and architectural plans, need not be registered to be protected, registration provides additional rights and benefits to IP owners. Copyrights created today can last 70 years after the author's, but can't be renewed.

Situations which might spur copyright issues include:

- Creation of Web site or advertisements
- Hiring a software developer to design a contact-management program
- Creating training materials, a newsletter or fact sheets to distribute, post on a Web site and so on
- Mergers, acquisitions or financing

Inventions — Patent and 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's novel, unique and nonobvious. Patents rights generally cover the functionality of an item or method rather than its appearance, although special "design" patents protect the ornamental elements of an invention. Patents expire 20 years after the application is filed (14 years from the date of issuance for design patents) and are nonrenewable.

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's no registration requirement to obtain trade secret protection. Generally, secrets that relate to how to manufacture, use or sell something (in other words, give a competitive advantage) will be protected. Unlike patents, trade secret protection doesn't expire, but will last as long as the secret remains a secret and continues to be commercially useful. The Coca-Cola formula, for instance, is a famous trade secret.

Situations which might elicit patent or trade secret legal issues include:

- The invention of a new product or business method
- Learning about a competitor's use of a patented product
- Mergers, acquisitions or financing

How to Protect Your Organization's IP

Once an organization has identified its IP assets, it must take action to protect them. There are two basic means of protecting IP: *direct* and *indirect*. Whenever possible, use both means to protect IP.

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

Indirect IP protection takes advantage of government registration protections to secure IP rights against a much broader group of would-be infringers. A 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.

Once organizations have secured their IP rights, they can maximize the value of the IP by licensing it to others in exchange for royalty payments. If someone uses the IP of another without permission, this is known as *infringement*. Because there is no "IP Police Force" watching out for possible infringement, organizations must be vigilant and take definitive action against infringement — writing letters or initiating lawsuits are two common steps. Failure to take action in the face of infringement could result in the loss of IP protection for IP owners.

Remember that all organizations have IP — but many don't do enough to identify or protect theirs. Professionals who fail to identify and protect their IP assets risk losing them.

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