



PROCUREMENT AND ENFORCEMENT
OF INTELLECTUAL PROPERTY

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PATENT, TRADEMARK
COPYRIGHT & RELATED MATTERS

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NEW BUSINESS INTELLECTUAL PROPERTY SUMMARY

The following is a summary that describes the types of intellectual property (“IP”) that all businesses should be aware of, and for which they might want to seek protection. It is an excellent companion to the IP Checklist.

1. **Trademark**: Any word, name, symbol, or device or combination thereof, which is used to identify the source of goods or services and distinguish them from other sources. Trademark rights are established by being the first to use the mark for particular goods or services, and thus the rights can last forever, as long as the trademark remains in use. Service marks are a variety of trademark that cover services, as opposed to goods.

Typical coverage: Companies often use trademarks to protect their company name and logos, and the names of their products, services, slogans, and logos.

Formal Protection: Although trademark rights can arise and be enforced without registering the trademark, federal registration provides significant advantages. First, registration allows the owner to use the ® symbol next to its mark, which puts the world on notice of its federal trademark registration. Second, in any litigation, registration gives the owner a presumption of ownership and validity, which the opponent must overcome by clear and convincing evidence. Without registration, the owner has to prove both ownership and validity before it can proceed. State trademark registration may also be available.

When can one file for registration? One can file without having first used a trademark, if he has a bona-fide intent to use it in commerce. If such a mark is registered, the owner will have about three years to prove that it is using the mark in commerce. After a trademark owner begins using a mark it may file for registration at any time.

Renewal or maintenance: Although trademarks can last forever, the registered owner must file an affidavit affirming the mark is still in use: (1) between the fifth and sixth year following registration, and (2) every ten years after the date of registration.

Enforcement Issues: Trademarks, registered or not, are enforced by the owners in state or federal court, but registered marks can be recorded with U.S. Customs and Border Protection to prevent importation of infringing goods. The Trademark Office publishes its weekly Official Gazette, which contains marks that are about to become registered. A trademark owner can set up a watch service, which will review the Gazette to look for similar marks that the trademark owner may want to oppose prior to registration. If a trademark owner believes a registered mark is too similar, it may file a cancellation proceeding to cancel the registration. Opposition and cancellation proceedings are similar to litigation, but conducted as administrative actions at the Trademark Office. Trademark owners can also file actions in court to cancel registered marks, as well as determine all rights to a trademark, regardless of registration. In order to obtain monetary damages from infringers, trademark owners must provide notice of the trademark registration. Using the “®” symbol with registered marks is usually sufficient notice.

2. **Trade Dress:** This is a variant of trademark protection, and protects a product’s design, product packaging, color, or other trait that identifies the source of the product (*i.e.*, the manufacturer or distributor). Trade dress rights are usually more difficult to acquire and register than trademark rights, but once acquired or registered, they are subject to the same rights, requirements, and limitations as trademarks.
3. **Trade Name:** Any name used to identify a person’s business or vocation itself rather than distinguishing goods or services a person provides. As with trademarks, being first to use a trade name for a particular business usually establishes the right to use it.

Formal Protection: Usually a trade name is protected by filing a fictitious business name statement with the county registrar, which often requires publishing the information in local newspapers. Filing such a statement may also be required by the county, which may require the user to first conduct a fictitious business name search of the county records.

Renewal or maintenance: Rules vary by county, check with the local registrar. In Los Angeles County, companies must renew every five years.

4. **Trade Secret:** A trade secret is confidential information that gives the owner an advantage over a competitor who does not know it, and which is subject to reasonable efforts to maintain its secrecy. Trade secrets can include, but are not limited to, a formula, pattern, compilation, program, device, method, technique, or process. Trade secrets can either be developed by their owners, or legally obtained from others.

Typical coverage: Companies usually have trade secrets in production processes, chemical formulas, recipes, customer lists, non-public financial information, and other valuable information that is easily kept from becoming public.

Formal Protection: There is no registration for trade secrets. Trade secret owners should develop a written company policy to maintain their secrecy. Such a policy should specify the procedures for maintaining secrecy, and inform all who read it as to identity of the trade secrets and their duty as company employees to maintain the secrecy of the trade secrets. Employees should be made to read, understand, and sign the trade secret policy. Such policy and procedures insure that no employee can “mistakenly” misappropriate a company’s trade secrets, and provide strong evidence that the company is making reasonable efforts to maintain secrecy. In addition to the general policy, companies should physically secure trade secret information and matters in locked cabinets or rooms, and with password protection on computers.

Renewal or maintenance: Trade secrets are kept by maintaining their secrecy. If kept secret, trade secrets can last forever.

Enforcement issues: Enforcement is done by filing an action in state court, or federal court if there is jurisdiction.

5. **Patent:** A patent is a grant made by the government to an inventor, in exchange for a full disclosure of how to make or use the invention, which gives the inventor a limited monopoly. Specifically, the patent owner has the right to exclude others from importing, making, using, or selling the invention for a term of years. Patent ownership begins with the inventor(s), but can be assigned.

Design Patent: a type of patent that covers only the ornamental design of a product, as opposed to a “utility” patent, which covers the functional aspects. Design patents have a shorter term (14 years from granting date).

Provisional Patent Application: This application acts merely as a “placeholder” to establish a priority date for a later-filed non-provisional utility application. Provisional applications are never examined, and must be followed by a non-provisional application within one year to claim the priority filing date.

Inventors sometimes file provisional applications to see if there is a market for product before they commit to the expense of preparing a full utility application. Filing a provisional, however, will delay examination of the application, which will delay the grant of any eventual patent.

Typical coverage: Companies usually patent unique products that they have designed, to protect them from being knocked off by competitors, or having their novel technology incorporated into other products.

Formal Protection: Unlike trademarks, patent rights can only be obtained through the government, and eventually expire. Patent applications are subject to significant and lengthy examination, and the invention must be found to be novel. For utility patents filed after 1995, they expire 20 years from the filing date.

When can one file for a patent? At the earliest, a patent application can be filed when the inventor is “in possession” of the claimed invention, and the application provides enough information to enable others to practice the invention. Being “in possession” of the invention does not require a working prototype, many patents are granted for mere ideas. At the latest, an inventor must file within one year from the time the invention is publicly disclosed or offered for sale. In many other countries, however, the inventor must file a patent application before any public disclosure. For this reason, it is often better to file an application prior to any public disclosure, if the inventor later decides to file for foreign patent protection.

Renewal or maintenance: Although patents eventually expire, maintenance fees must be paid to keep the patent in force. These fees are due at 3½, 7½, and 11½ years from the date the patent is granted.

Enforcement Issues: Patents cannot be enforced until they are granted, although sometimes a patent owner can obtain damages for pre-grant infringement if it notified the infringer while the patent was pending. In order to obtain damages for infringement, a patent owner usually has to mark its patented products with the applicable patent number(s). Patents are usually enforced by filing an action in federal court, but administrative actions can also be filed with the U.S. International Trade Commission for products that are manufactured abroad. If any person thinks it has found prior art that raises substantial new questions of patentability, it can file to have a patent re-examined by the Patent Office.

6. **Copyright:** Protects original works of authorship including literary, dramatic, musical, and artistic works, such as poetry, novels, movies, songs, computer software, and architecture. Copyrights are rights granted by federal law to the author of literary or artistic productions in a tangible medium of expression for a term of years. Ownership begins with the “author” of the work, but can be assigned to other persons or a company. Employees who create works within the scope of their employment, and works specially ordered or commissioned are usually deemed “works for hire,” whose author is the company or the person for whom the work is prepared.

Typical coverage: Companies usually register copyright protection for written works and websites, artistic designs, including graphics, paintings, sculptures, jewelry, furniture, and other products. Copyrights also cover performance art, such as plays, choreography, television shows, songs, movies, video games, software, and many other works.

Formal Protection: Similar to trademarks, copyright rights arise automatically. The rights arise the moment the work is created and fixed in a tangible form that it is perceptible either directly or with the aid of a machine or device. Unlike trademarks, however, the rights eventually expire, and the owner cannot sue infringers without registration. Also unlike trademarks, owners can use the “©” symbol without registering the copyright. Copyright registration protection is fairly limited, but registration is a low cost and relatively quick procedure.

When can one file for registration? An application may be filed anytime after the work has been created in a tangible medium of expression. It is better to file as early as possible, since statutory damages are only available if the work is already registered when infringement begins.

Renewal or maintenance: For works registered or created after 1978, there is no need to renew. As a general rule, for works created after January 1, 1978, copyright protection lasts for the life of the author plus an additional 70 years.

Enforcement Issues: Copyrights are enforced by filing an action in federal court, but such actions can only be brought for registered copyrights. Statutory damages and attorney fees are only available if the copyright is already registered before infringement commences, although actual damages and the infringer’s profits may be available. Although the “©” symbol, along with the author’s name and date of the work are no longer required to give notice to the public of the copyrighted nature of the work, their use is still good practice to establish willful infringement (which enhances damages) and help avoid the “innocent infringement” defense (which reduces damages).

7. **Domain Name:** The “address” of or unique name that identifies an Internet website.

Typical coverage: Companies usually have domain names for their company name, product, or slogan. *e.g.*, “coke.com”

Formal Protection: Domain name registration. Register domains through a Domain Name Registrar such as Network Solutions (networksolutions.com) GoDaddy (godaddy.com) or others. It is possible to sign up to reserve already registered domains if they expire without renewal.

Renewal or maintenance: All domain registrations expire, but when depends on the specifics of each registration. Keep your domains current by signing up for automatic registration renewal.

Enforcement Issues: A company should try to register all variants and common mis-spellings of its main domains, so that others cannot use them to direct traffic away by taking advantage of typographic errors by Internet users. If a domain is registered by others, and it uses part of your valid trademark, and the registered domain owner is using it for an improper purpose, such as trying to sell it to others for a profit, it is possible to file an administrative action to obtain ownership of that domain.

8. **Additional IP Considerations for New Businesses**

How to avoid being a victim of infringement:

- a. Always use proprietary notices (e.g., copyright “©”, trademark “™” and “®”). Use “Patent Pending” and patent numbers where applicable.
- b. Always use warnings on proprietary products etc. and advertising.
- c. Follow-up with Cease & Desist letters to potential as well as obvious infringers. Be aware, however, that such letters could lead to the accused infringer filing a lawsuit against you, seeking a determination that it is not infringing and/or that your IP is invalid.
- d. File actions against infringers/Cultivate a reputation that you jealously protect your intellectual property rights.

What lawyers (and you should) look for:

- Unauthorized use or copying of protected Trademark, Service Mark or Copyrighted material in:
 - domain names and internet web page meta tags or hidden text
 - advertising text/photographs
 - sale of counterfeit products
 - product design, brochures and packaging (trade dress)
- Unfair Competition and False Advertising by way of:
 - false statements (comparisons) and product disparagement
 - misrepresentation of product source
 - use of infringed internet domain names, meta tags or hidden text
 - misrepresentations of source—selling modified and/or repackaged goods
 - Unauthorized re-packaging/product changes
 - Misrepresentations that a product contains client's ingredients/product
 - Palming Off—sale of infringer's product using client's packaging/trademark/trade dress
 - Reverse Palming Off—sale of client's product under infringer's name
- Patent Infringement Problems and/or Opportunities can be identified by:
 - Patent Searches
 - Patent Filing

How to Avoid Infringing the IP of Others

Infringing the IP of others can lead to legal actions, attorney fees, and significant costs related to changing product names or designs. Therefore, it is better to avoid infringement at the outset, rather than try to correct an infringement down the road.

- Conduct IP searches before committing to any trade name, product name, or product design.
 - Trademark searches – typically search U.S. trademark databases, but advanced search firms do business name searches, Internet searches, and more.
 - Patent searches – search companies typically review U.S. and major foreign patent databases.
 - Internet searches – search for competing products, similar trademarks, and copyrights.

- Online Service Providers (“OSP”) and other Internet intermediaries (anyone allowing others to post content) should register an agent with the Copyright Office to receive immunity for online copyright infringement.
 - The U.S. Digital Millennium Copyright Act provides immunity for OSP’s from acts of online copyright infringement committed by their users, so long as the OSP is:
 - 1) not receiving a financial benefit directly attributable to the infringing activity,
 - 2) not aware of the presence of infringing material or know any facts or circumstances that would make infringing material apparent, and
 - 3) upon receiving notice from copyright owners or their agents, acting expeditiously to remove the purported infringing material.
 - In order to receive the required notice, the OSP must register an agent with the Copyright Office.
- Check to see if your company’s Comprehensive General Liability insurance policy covers intellectual property issues.
 - Many policies exclude acts of infringement.
 - Consider adding an intellectual property insurance policy.