

# Intellectual Property and Its Protection

By R.K. Arundale

**T**he internet has become a readily available and user friendly medium for personal expression and commercial development. The sharing of newly created products, brands and artistic works increases each day as a result of our ingenuity and creativity. This boom in information transfer creates the possibility of infringing upon another's intellectual property (IP) rights as well as the opportunity for others to steal your IP. A better understanding of what IP actually is and how to protect it is vital to protecting your interests.

## What is IP

In general, intellectual property refers to anything that the mind creates. IP rights grant creator's property rights over their creations. IP is divided into four main types: 1) patents, 2) copyrights, 3) trademarks and 4) trade secrets. Patents, copyrights and trademarks are protected under federal law while trade secrets are protected by state laws.

## Patents

Patents protect new inventions for solving technical problems. While the problem to be solved need not be novel, patent protection requires that the solution is. In exchange for the inventor's disclosure of the invention to the public, the inventor receives exclusive rights over the invention including its production, use and sale. Balancing the interests of the public against the inventor's interests incentivizes innovation while promoting the enhancement of the quality of life.

At its most basic level, an invention must be useful, novel and unobvious to a person with ordinary skill in the relevant technological field. However, not all inventions are patentable. The invention must also fall within the scope of patentable subject matter. Many countries, including the United States, exclude laws of nature, mental processes, ideas, natural formulas, natural phenomena, methods of calculation and any invention where prevention



of its commercial exploitation is necessary to protect the public interest. Excluding these categories from patentable subject matter ensures that there remains a storehouse of knowledge from which innovators may draw.

In the United States, patents are issued and regulated by the United States Patent & Trademark Office (USPTO). Currently, the term of a new patent is 20 years from the date on which the patent was filed in the United States. A patent granted by the USPTO is enforceable only within the United States, U.S. territories and U.S. possessions. Because of a patent's territorial nature, it may be necessary to seek patent protection in multiple countries. Further, the application of a patent in a foreign country requires a Foreign Filing License and the application must be in accordance with the requirements of the foreign country.

Securing a patent is a complicated endeavor which requires knowledge of patent laws and rules, USPTO practice and procedures and an understanding of the scientific characteristics associated with the particular invention. While inventors

may prepare and file their own applications and conduct the proceedings themselves, it is suggested that these matters be conducted by a person licensed before the USPTO. Enlisting a patent professional better ensures that the patent obtained will adequately protect the particular invention. A patent currently takes about two years to obtain and requires at least \$4000 in USPTO fees over the life of the patent

## Copyrights

Copyright protects the rights of an author to control original works of authorship that are fixed in a tangible form of expression. The protection available through copyright extends to a wide array for expressive concepts including literary, musical, graphic or artistic form. Copyright permits copyright owners the exclusive right to manage and to authorize others to manage the protected work in the manner that best serves each party's interest. Similar to patent protection, copyright rewards authors for their artistic contribution to society while fostering public discourse, education and culture.

Copyright is not international. There-

fore, there is no automatic protection for an author's works throughout the world. While the majority of countries do offer protection for works under certain conditions, unauthorized use abroad is dealt with based on the national laws of the country. In the US, the length of copyright protection depends on when the work was created. For works originally created on or after January 1, 1978, the span of protection begins from the time of creation and ends 70 years after the author's death. In the case of a work by multiple authors, protection ceases 70 years following the last surviving author's death. For works made for hire, anonymous and pseudonymous works, copyright is 95 years from publication or 120 years from creation, whichever is shorter.

Contrary to popular belief, the Copyright Office does not require publication or registration to secure copyright protection. That is, under the 1976 Copyright Act, copyright protection begins at the moment of creation, which is defined by the moment at which a work is fixed in a tangible medium of expression. Works created over a long period of time have multiple copyright dates based upon when new material is included. While copyright protects the author's ability to reproduce, distribute, perform and display his work, the ability to control derivative works is dependent upon the amount of copyrighted work found in the new work.

While registration is not a condition for protection, it has many advantages. In addition to establishing a public record of the copyright claim, registration is necessary before an infringement suit may be filed. If the copyright owner registers within three months of publication or prior to infringement of the work, then he is entitled to statutory damages and attorney's fees rather than merely being able to receive actual damages. Further, if the copyrighted work is filed before or within five years of publication it will establish prima facie evidence of the validity of the copyright.

**Trademark**

Trademark protection is designed to identify the source of goods. Trademark allows individuals, businesses and other organi-

zations to use distinctive words, names, symbols, sounds or colors to indicate to the consumer that the specific product with which the trademark appears originated from a unique source. With an emphasis on reducing consumer confusion, trademark incentivizes trademark owners to create quality products.

Trademarks may be registered both at the federal and state level. Although it is not a requirement, registration of trademarks with the USPTO offers the trademark owner some significant benefits. In addition to providing the public constructive notice of the registrant's claim of ownership, registration provides evidence of the registrant's exclusive right to use the trademark nationwide. Additionally, US registration may be used as a basis for obtaining registration in foreign countries and the US registration may be filed with the US Customs Service to prevent the importation of infringing foreign goods. Regardless of whether the trademark has been registered, the "TM" designation should be used to alert the public to your claim of right. It is only after the trademark has been registered that the registered trademark symbol(®) may be used.

An owner's right in a federally registered trademark can continue indefinitely. The life of a trademark is dependent on the owner's continuing use of the trademark on, or in connection with, the goods in the registration. If a federally registered trademark is not used for a period of five years it is considered abandoned and is available for use by any party. Further, the failure of a trademark owner to actively pursue infringement may expose the trademark itself to becoming non-enforceable. Therefore, it is imperative that owners be vigilant against infringement of their trademarks.

It is advisable that a hopeful registrant perform a trademark search prior to submitting his trademark registration. Searching the federal registration is free of cost and ensures efficiency and effectiveness for both the USPTO and the applicant. Typically, it can take anywhere from 10 to 18 months for an application to mature into a registration.

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### Trade Secret

A trade secret is any valuable business information that is not generally known or reasonably ascertainable which gives its user an advantage over its competitors. From patterns to processes, customer lists to vendor lists it is clear that virtually all businesses have trade secrets worth protecting. Moreover, to the benefit of its holder, trade secret protection can exist for almost any business information and is easily obtainable.

To qualify as trade secret the business information must be valuable because of its secrecy. While the vast majority of inventions qualify as trade secrets, trade secret protection can exist for much more mundane information. Any information that has value because it is solely in the possession of your business and not in the hands of your competitor can be a trade secret. Customer lists offer a prime example; developing interested customers is one of the hardest obstacles a business faces, therefore the confidentiality of a list of such customers is vital. The exposure of such a list would provide business competitors with a distinct advantage in time and monetary savings.

Trade secrets are protected under state law and are relatively easy to protect. Trade secrets are easy to protect because the only requirement is that the information be the subject of reasonable efforts to maintain secrecy. The bounds of what is considered reasonable vary depending on the value of the business information. Critical protections include written agreements between the owner and those who have access to the information, maintaining the information in locked spaces and marking the information with some indicia of secrecy such as "Confidential" or "Secret." These measures are relatively low cost and better ensure the confidentiality of the information most valuable to your business' success.

While it is true that trade secret protection is easy to acquire and can, in principle, last forever, it is equally true that trade secret protection is easy to lose and comes with

no minimum time of protection. Once discovered, a third party is not prohibited from independently duplicating and using the secret information. Due to its inherent fragility, other forms of information protection, such as those methods discussed above, should be considered if available. While these alternative methods of protection may be more costly, they provide a formal method of protection with built in safeguards.

### Protecting IP

Almost every business has some of its value associated with intellectual property. However, it is also true that many businesses fail to recognize the importance of protecting this intellectual property. Below is a brief overview of three protection methods.

### Employee Agreements

An employee agreement may provide the best and most inexpensive method for a business to protect its intellectual property. An employment agreement is the basis for establishing the business's ownership of its intellectual property and, if drafted properly, may be re-used for almost every employee. Employment agreements are especially important in the case of patents, which are owned by the inventor. Requiring employees to sign written agreements assigning patent ownership to the employer ensures that the employer controls the commercial exploitation and technological development of the invention and not the employee. Further, because employees tend to own intellectual property developed outside of the scope of employment, it is prudent for employers to use employment agreements requiring assignment of all employee created intellectual property. Utilizing employment agreements ensures a clear understanding of what intellectual property is owned by the employer and what intellectual property is owned by the employee.

### Independent Contractors

Businesses often hire independent contractors for creative works. Contrary to popular belief, the business does not necessarily own the work produced, despite the fact that it commissioned the work's creation. Inde-

pendent contractors retain ownership rights over their creations unless the contractor has signed a written agreement to the contrary. For many types of copyrightable work, executing a written work-for-hire agreement ensures that the hiring party retains ownership over the intellectual property. For creative work not qualifying as work-for-hire, a written assignment agreement is necessary to transfer ownership. Requiring independent contractors to sign a written agreement clarifies ownership of the intellectual property and the rights of each party.

### License Agreements

Licenses provide business with a lucrative method of monetizing their intellectual property portfolio. The first purpose of a license agreement is to define the scope of the license. A product license assigns a right to use the licensed product. Therefore, ultimate ownership rights, product restrictions and use limitations must be clearly defined in the license agreement. A court's ability to enforce a license is directly related to clarity in the license and any vagueness is likely to be applied against the Licensor.

### Conclusion

The internet has facilitated our ability to access, utilize and manipulate information easier than ever before. In turn, the amount of intellectual property available to us increases at break-neck speed. With a better understanding of what intellectual property is and how to protect it, we have the ability to create without fear of infringement and theft. ■

*R.K. Arundale is a recent graduate of DePaul University College of Law and has successfully completed the United States Patent Bar Exam.*

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