

## IP 101: How to legally protect your semiconductor products

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It's one thing to design a new kind of chip and bring it to market. It's another to protect your invention or design from copying by others.

To prevent copying, several types of legal protection are available to protect your company's rights to its semiconductor products. These include patents, trademarks, copyrights, the Semiconductor Chip Protection Act (SCPA) and trade secrets. Collectively, these are referred to as intellectual property (IP) rights, or simply IP.

Here is a brief explanation of each:

- **Patents** provide protection for a company's inventions. The duration of a patent in many countries is 20 years from the filing date of the patent application.
- **Trademarks** provide protection for brand names under which the company's products are sold.
- **Copyrights** protect the form of expression embodied, for example, in the company's literature and also in its software.
- **The SCPA** provides a special form of protection for "mask works fixed in a semiconductor chip product." Thus, protection is given for

the three-dimensional pattern or typography of a semiconductor chip.

- **Trade secrets** protect all information in the company's possession that is not available to the public and with respect to which the company has taken reasonable steps to prevent exposure to the public.

Prudent company management must be cognizant of all these available forms of IP protection and use them to the fullest to protect the fruits of R&D and to maintain the company's reputation for quality products. Although the details of how this can be done are beyond the scope of this article, the following guidelines may prove helpful:

1. **IP rights are obtainable on a country-by-country basis.** There is no such thing as a "worldwide patent." However, some multi-jurisdictional IP laws exist, such as in the European Community. Although they facilitate the process of obtaining a patent, its enforcement must still be on a country-by-country basis.
2. **The value of IP depends on the quality of the underlying rights (a "good" patent, a "strong" trademark) and also on how such rights are enforced.** Naturally, this depends partly on the abilities of the IP lawyer representing a company's interests – but the following additional factors also come into play:

- The quality of the underlying rights depends on the country's laws and procedures, and on how they are applied by its administrative bodies.

- Enforcement depends on the country's laws and how they are applied by its courts. However, the activities of the company in monitoring the competition, its commitment to pursuing infringers, and its adequate allocation of resources to IP are also important factors.

3. **Some countries with developing economies take the view that IP owned by foreigners can be harmful to domestic industry.** Consequently, they create various obstacles, some overt and some subtle, in their IP system to hinder non-citizens from obtaining meaningful IP. Companies must exert efforts to inform their own governments of this situation and to have them apply pressure for change, because such a restrictive attitude cannot long be tolerated in a world where economies are so intertwined. Regardless, even in such countries, companies must continue to pursue IP protection. After all, the process of obtaining a patent, for example, can take years. If a company makes a decision today not to file for IP protection because of a country's current unfavorable attitude toward IP, the company bars itself from any possibility of eventually getting valuable IP protection when such laws

evolve, which, based on past experience, they inevitably will.

IP also has an increasingly important impact on a company's bottom line. Owners of large patent portfolios, such as IBM, collect hundreds of millions of dollars annually from licensees. Conversely, royalty payments negatively affect the bottom line of companies that want to use

patented technology owned by others. In view of the huge amounts involved, infringers have a powerful incentive to devote significant sums to invalidate patents relevant to their business.

Given all this, it is more important than ever for a company seeking IP protection to:

- Be careful about its internal procedures for safeguarding information;
- Select competent legal counsel; and
- Devote the funds required to develop an effective portfolio of IP rights.