

Protecting Intellectual Property

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Safeguarding your creations and being familiar with those of others can save you time and money. Here, two lawyers review some legal definitions.



Why bother securing an intellectual property portfolio? Because you want to secure and ensure that you and your company fully benefit from your investments.

Bottom line: Creating and maintaining a strong IP portfolio can:

- Attract investment;
- Generate license revenues;
- Protect your company's business advantage, and

Put the brakes on your competitors' sale of products incorporating your inventions without your permission. The following reviews the full panoply of available IP protections to secure your company's rights to its inventions.

Trademarks

"Trademarks" protect your brand or product name or even the novel, non-functional appearance of a product. Trademark rights vest automatically upon use in commerce. But to strengthen those rights, secure a trademark registration from the United States Patent and Trademark Office (USPTO). A trademark lasts as long as you continue to use the mark in business.

Copyrights

A copyright may be used to protect written materials, such as data, software, product brochures, and websites. For example, a copyright may be used to protect the software used to run your new brake-by-wire system. Copyright rights vest automatically upon the work's creation, but are enhanced when you register your copyright with the U.S. Copyright Office. Once vested, copyright rights last for a long, long time, typically long beyond the life of the protected materials except in the most unusual circumstances. On the downside, copyrights provide a relatively limited scope of protection. For example, a copyright only protects against copyists who publish an identical or substantially similar work.

Trade secrets

Confidential information that provides a competitive edge, such as a manufacturing process, a business plan, or customer list, may be protected as a trade secret. For information to obtain trade secret status it must, as the name implies, be a secret. That is, affirmative steps must be taken to prevent its public disclosure. The advantage to trade secret protection is that there are no filing costs and no disclosure requirements. However, maintaining information as a trade secret won't protect that information against a competitor who independently develops or reverse engineers the information. The recipe for Coca-Cola is a famous example of a trade secret.

Patents

Protecting new, useful and non-obvious mechanical or electrical products and methods such as a high torque clutch or a method of manufacturing a flywheel having greater strength and durability for example, is best accomplished by obtaining a patent. Unlike trademarks, copyrights and trade secrets, patent rights do not vest automatically. The only way to secure patent rights is by obtaining a patent from the USPTO. Once obtained, a patent protects you and your invention against anyone who makes, uses or sells the patented product or method, regardless of whether the person independently develops the product or method or knows of the patent or not.

The scope of protection afforded by a patent is highly dependent on the wording of the application filed with the USPTO. Patent rights are highly time-sensitive, and failure to file a patent application in a timely manner may result in a complete loss of rights. For this reason, it is important to have a policy that insures that new ideas are brought to the attention of patent counsel as quickly as possible.

In 1995 Congress enacted a law permitting the filing of a simplified provisional patent application. This essentially acts as a rights placeholder for up to one year. The provisional patent application has proved highly popular, no doubt because it is easy to file, inexpensive, secures a filing date and provides a one year window during which the commercial viability of the idea may be evaluated before proceeding with a full-fledged, and more expensive, regular patent application. Patent rights are awarded on a country-by-country basis. So if rights outside the U.S. are desired, the patent application must be filed in each of the foreign jurisdictions of interest. International treaties facilitate this process.

Staying on top of your IP

Developing or otherwise obtaining your company's intellectual property is only one step in a sound IP protection program. Staying on top of IP your company owns is equally important. This includes:

- Policing the company's IP rights;
- Monitoring competitors; and

Consulting with counsel if infringement is suspected.

Maintain good IP policies

Instituting proper IP protection policies and procedures will help foster and protect your company's IP rights. For example, the company should have employment agreements with at least its key personnel — especially its R&D personnel. Employees also should be educated to record their experimental and development work and to promptly identify and disclose potentially valuable developments to management. Your company should distribute written instructions to all employees periodically to remind them that the unauthorized disclosure of proprietary company information is prohibited. And when collaborating with other companies or consultants, do so only pursuant to an agreement that covers confidentiality and ownership of both the product and any intellectual property.

Finally, by tracking competitors' intellectual property you may avoid spending valuable resources developing what could turn out to be infringing products.