

*Minnesota*

Department of Employment and Economic Development

This document is made available electronically by the Minnesota Legislative Reference Library as part of an ongoing digital archiving project.  
<http://www.leg.state.mn.us/lrl/lrl.asp>

A Guide To  
**INTELLECTUAL  
PROPERTY  
PROTECTION**

**A Collaborative Effort**

---

Minnesota Department  
of Employment and  
Economic Development

**Merchant & Gould**  
An Intellectual Property Law Firm

*A Guide To*  
**INTELLECTUAL PROPERTY PROTECTION**

is available without charge from the Minnesota Department of Employment and Economic Development, Small Business Assistance Office, 1st National Bank Building, 332 Minnesota Street, Suite E-200, St. Paul, MN 55101-1351.

Telephone: (651) 556-8425 | (800) 310-8323 Fax: (651) 296-5287

Email: [deed.mnsbao@state.mn.us](mailto:deed.mnsbao@state.mn.us)

Website: <http://mn.gov/deed/business/help/sbao/>

This guide is also available from Merchant & Gould, 3200 IDS Center, 80 South Eighth Street, Minneapolis, MN 55402

Telephone: (612) 632-5300

Website: <http://www.merchantgould.com>

Upon request, this publication can be made available in alternative formats by contacting (651) 259-7476.

The Minnesota Department of Employment and Economic Development is an equal opportunity employer and service provider.

**A Guide To  
INTELLECTUAL  
PROPERTY  
PROTECTION**

---

**Thirteenth Edition  
October 2015**

**A Collaborative Effort**  

---

**Minnesota Department of Employment and Economic Development  
and  
Merchant & Gould P.C.**

Copyright © 1986, 1990, 1991, 1993, 1996, 2000, 2004, 2006, 2011, 2015  
Minnesota Department of Employment and Economic Development and  
Merchant & Gould, P.C.

ISBN 1-888404-69-8

## **PREFACE**

---

Innovation, invention and the process of translating ideas into products and services has been, and remains, a major factor in Minnesota's economic growth. Indeed, in today's world that process has even greater importance in light of concerns about national productivity and international competitiveness.

This Guide is intended to serve as a primer for the inventor and entrepreneur on the protection of new ideas and the products which result from them. Like all publications of this kind, the Guide is not intended as a substitute for the advice of an attorney on the complexities of intellectual property law. Hopefully, it will help frame issues and concerns for discussion with private legal counsel as well as with investors, bankers, potential developers, and customers.

Preparation of this work has been a collaborative effort between the Minnesota Small Business Assistance Office and the law firm of Merchant & Gould. A particular note of thanks must go to the original author David George Johnson, the longtime editor of this work Brian H. Batzli, and those individuals who have contributed to earlier editions: Lawrence Buckley, Hallie A. Finucane, Mark A. Krull, Michael L. Mau, Michael S. Sherrill, Janice L. Dowdall; and to Madeline Harris of the Minnesota Small Business Assistance Office.

Charles A. Schaffer  
Small Business Assistance Office

## TABLE OF CONTENTS

---

Preface.....	i
Introduction.....	iv
Basic Types of Intellectual Property Protection.....	1
Patent Protection.....	3
Requirements for Patentability.....	4
Patent Application Components.....	10
Examination of the Patent Application by the Patent Office.....	12
The Examiner’s Incentives.....	13
The Examiner’s Expertise.....	14
Options Available after Receiving a Final Rejection.....	15
Continuing Application.....	15
Continuation-in-Part.....	16
Board of Appeals.....	16
Federal Court.....	16
Practical Considerations.....	17
Identical Inventions Developed Independently by Two Separate Inventors.....	17
One Year Grace Period.....	18
Confidentiality.....	19
Experimental Use.....	20
Patent Pending.....	21
Costs to Obtain Patent Protection.....	22
Patent Attorney Fees.....	22
Government Fees.....	23

Enforcement of Patent Rights.....	25
The Patent.....	27
A Patent is not a Guarantee that the Patented Invention does not Infringe Other Patents.....	28
Time Required to Obtain Patent Protection.....	28
Finding Someone to Manufacture and Distribute Your Invention.....	29
Summary.....	31
Trademark Protection.....	33
Reservation of a Trademark.....	35
Trademark Selection.....	35
The Federal Trademark Registration Process.....	37
Trademark Infringement.....	39
Summary.....	41
Copyright Protection.....	43
Fair Use.....	45
First Sale.....	45
Duration.....	46
Summary.....	46
Trade Secret Protection.....	49
Commonly Asked Questions Concerning Intellectual Property Protection.....	51

## INTRODUCTION

---

This booklet has been prepared to familiarize the inventor, creator, or developer of a new idea with the basic legal framework that is available to protect that idea. More importantly, this booklet is designed to help the inventor decide which, if any type of protection is available for a particular idea, and whether such protection is worth obtaining.

Protecting a new idea is often a difficult process. Some ideas and inventions simply cannot be protected, while others are eligible for only narrow or partial immunity from potential competition and imitation. Obtaining even minimal protection can often be expensive and time-consuming, and the ultimate result may be uncertain or even disadvantageous to the inventor.

The decision to seek protection for a new idea should be approached with the same caution and skepticism you would bring to any other commercial transaction, such as taking out a loan or starting a new business. Just because a new idea may be eligible for some form of legal protection does not mean that the cost of obtaining and preserving such protection is justified from a business viewpoint.

Although the final decision on protecting your idea can best be made by consulting a qualified attorney, you will be able to better select and communicate with an attorney if you already have some knowledge of the various types of intellectual property protection that are available. Even if you have yet to develop a new invention or concept, a general knowledge of intellectual property law can be helpful in avoiding the many problems that could easily jeopardize

your idea in its early stages of development. Finally, many myths and misconceptions exist concerning the nature and value of patents, copyrights, trademarks, and trade secret protection.

Many existing publications provide detailed information on how to obtain specific types of intellectual property protection. This booklet is not intended as an instruction manual for obtaining such protection, but is rather intended to assist the new inventor or product developer in deciding if and when such protection may be beneficial.

Intellectual property protection is just one part of the successful marketing equation, and its true importance varies greatly according to each specific product or idea. No one can predict with certainty if the cost of obtaining intellectual property protection is justified in a particular case, but hopefully this booklet will permit you to be more alert to the opportunities and pitfalls encountered by those seeking to legally protect and commercially exploit a new idea.

David George Johnson  
Attorney at Law

Over the past fifteen years, there have been a number of changes in the U.S. patent, trademark and copyright laws. These changes reflect a growing worldwide consensus on the importance of intellectual property and a slow movement toward harmonization of each country's laws in this area. Also, in September 2011, the U.S. Congress passed a number of significant changes to U.S. Patent Laws. Several changes take effect immediately, while the more sweeping changes will be phased in over the next several years. Accordingly, you should consult an intellectual property attorney for the current status of U.S. intellectual property laws.

Brian H. Batzli  
Merchant & Gould P.C.

Revisions made in 2015 include updates to this guide that reflect changes to U.S. Patent Laws that came into effect in 2012-2013 with the passage of the America Invents Act. These changes are an important step in harmonizing U.S. Patent laws with international intellectual property laws, and represent the most drastic change to U.S. Patent laws since the original Patent Act of 1952. Although not all nuances of these laws are described in this Guide, the revised Guide provides an up-to-date set of guideposts with which an inventor can assess whether, and when, to consult an intellectual property attorney regarding the best manner of protection of his or her invention.

Andrew J. Lagatta  
Merchant & Gould P.C.

## **BASIC TYPES OF INTELLECTUAL PROPERTY PROTECTION**

---

There are four basic types of intellectual property protection: patent, trademark, copyright, and trade secret, and each will be discussed in order.



## **PATENT PROTECTION**

---

The United States patent system was created to help achieve various socially desirable goals. By providing an inventor with an exclusive right to exclude others from making, using, or selling an invention for a limited period of time, a patent rewards an inventor for the time and effort expended in developing the invention, thereby encouraging further creative efforts. Also, most new inventions have uncertain commercial value, and the patent system provides a degree of protection from competition for a limited period of time, thus encouraging investment in new technology. Additionally, the patent system encourages inventors to make their inventions known rather than to maintain them in a state of secrecy, thereby increasing the amount of technological knowledge available to the public. Finally, the patent system helps to aid in the sale or transfer of technology both within the United States and in foreign countries, by giving a commercially tangible form to otherwise intangible ideas.

At the outset of the patent discussion, it must be emphasized that the U.S. Congress passed a number of significant changes to U.S. Patent Laws in September 2011. The law is commonly referred to as The America Invents Act. Notable changes included by way of The America Invents Act include:

- First To File System (rather than the U.S.'s previous first to invent system)
- Post Grant Oppositions - Effective for patent applications filed on or after March 16, 2013

- *Inter Partes* Review
- Supplemental Examination
- Third Party Submissions of Prior Art

These changes to U.S. Patent Laws, as well as a basic overview of the U.S. Patent Law system, follow.

## **REQUIREMENTS FOR PATENTABILITY**

---

There are several major hurdles an inventor must overcome before patent protection can be obtained. First, the applicant for patent must be able to demonstrate that he or she has developed a new, useful, and not obvious process or product. Since a patent cannot be obtained unless the invention is new, the invention must not have been known or used by others in the United States or patented or described in a publication in the United States or any foreign country before the invention was made by the applicant. In addition, if the invention was patented or described in a publication anywhere in the world or in public use or sale in the United States more than one year prior to the date of filing the application, the patent will be denied. The invention must also be capable of some beneficial use, and cannot be “frivolous, fraudulent, injurious to morals, health or good order.” The invention must also not be obvious, which is the most common reason for Patent Office rejection. It may well be that the invention is something that has never before existed; but, if the Patent Office determines that a mythical person having access to all the available information concerning that particular field of technology would have “known” how to make the invention, then the invention is rejected as being obvious.

A simplified example of an obviousness rejection is as follows:

Suppose a person invents a coffee cup having a square rather than a rounded handle. It may be that such a product has never before existed. However, if the Patent Office finds that a square handle has been used previously on some other device, such as a suitcase, it may well determine that putting a square handle on a coffee cup would have been obvious to an imaginary person who is knowledgeable about all publicly available information.

The invention must also fit into one of the categories of patentable subject matter. Thus, the invention must be new, useful, and non-obvious, and be either a:

- Process;
- Machine;
- Manufactured article;
- Composition; or
- An improvement of any of the above.

The term “process” means a process, art, or method, and it includes a new use of a known process, machine, manufactured article, composition of matter, or material. A process may also be defined as one or more steps or acts performed on materials to produce a result. An example of a process would be the use of DDT to kill insects.

The term “machine” includes mechanical devices or combinations which perform some function and produce a certain effect or result. Examples of machines include carburetors, vacuum cleaners, and lawn mowers. A “manufactured article” refers basically to any product or thing made by industry or man. Examples of

manufactured articles would be carpets, toothbrushes, and purses. A “composition” is matter formed by the mixture of two or more ingredients. Examples of compositions are drugs, insecticides, adhesives, and electroplating solutions.

An “improvement” is an addition, simplification, or variation relating to an existing machine, process, manufactured article, or composition of matter. Several Court decisions have provided further guidance on subject matter which is included in the categories of patentable subject matter. For example, the Courts have determined that both software and certain types of business methods are patentable.

Although software and business methods are currently eligible for patent protection, such protection is typically premised not on their being a “method” or “process” under the statute, but an underlying tangible result of that method or process. One test which is useful, but is not the sole test, is whether the claimed invention is tied to a particular machine or apparatus; or if the claimed invention transforms a particular article into a different state or thing.

In other words, in addition to being new, useful, and not obvious, software and business method inventions generally must be (1) tied to a particular machine, or (2) include a transformation of a physical article or material from one state or thing into another. For example, a business method invention that involves the operation of processing steps on a computer may be considered patentable subject matter if the invention is specifically tied to steps performed by the computer, especially if that computer is specially-constructed for a particular purpose-- because the inclusion of the computer ties the process to a particular machine.

If the software or business method invention does not include a particular machine or involve a transformation, it is possible that the invention could still be patentable, but the current laws somewhat disfavor these types of inventions and a patent may be difficult to obtain.

## **TYPES OF PATENTS AND LENGTH OF PROTECTION**

The type of patent described thus far is known as a utility patent. The term of utility patents was changed after passage of the General Agreement on Tariffs and Trade (GATT) as follows:

**1. For utility patents filed on or after June 8, 1995:**

Term of twenty years from the date of filing. However, see further details below.

**2. Issued and enforceable patents which issued prior to June 8, 1995:**

The term of these patents is automatically modified to the longer of: (a) twenty years from the date of filing or (b) seventeen years from the date of issue.

**3. Issued and enforceable patents which issued prior to June 8, 1995:**

The term of these patents is the longer of: (a) twenty years from the date of filing; or (b) seventeen years from the date of issue.

When calculating the twenty (20) year rule, if the application relies on an earlier filed application, then the earlier application's filing date is used.

As indicated above, a twenty-year term from the date of filing (or priority date if earlier) is the current term of recently filed U.S. patents. The American Inventors Protection Act of 1999 introduced an opportunity to increase the term based on administrative and other delays on the part of the U.S. Patent Office. Any increase in the term is offset by delays by the applicant to engage in reasonable efforts to conclude prosecution. This new provision applies to all applications filed after May 29, 2000. Note that you cannot have a

negative adjustment to the term (e.g., you cannot reduce the term to less than 20 years under the provision).

Examples of delays by the applicant which will reduce any term extension are:

- failure to file a response to a U.S. Patent Office Action within (3) months;
- filing supplemental responses; and
- using specific types of certificates of mailing.

The list of delays is quite lengthy, but the common thread running through the delays is that responses to U.S. Patent Office inquiries must be made timely and thoroughly.

A second type of patent is known as a design patent, which is available for anyone who invents any new, original, and ornamental design for an article of manufacture. In other words, design patents cover only the specific appearance of the article, rather than the concept of the article itself. Patents for designs are granted for a term of 14 years. Examples of articles for which design patents have been obtained are lamps, vases, and furniture.

A third type of application, known as a “provisional application” is intended to provide a method for an applicant to gain an early U.S. filing date relatively inexpensively. For example, currently, the Patent Office filing fees for a provisional application are approximately \$65 to \$260. The life of the provisional application is one year from the date of filing and is non-extendible. During this time period, the application is not examined. Also, the twenty (20) year term of any patent issuing from the application does not begin to run (unless a direct conversion to a utility patent is made). Accordingly, so long as a

regular utility application is filed claiming priority to the provisional application, instead of filing a direct conversion application, then the twenty year term is not affected by the provisional application.

Like a regular utility application, the provisional application must list inventors, provide drawings (if necessary for an understanding of the invention), and comply with disclosure and best mode requirements, among others. No claims are required in the provisional application at any time, since that application is not examined.

If the applicant wishes to maintain the benefit of the provisional application, a regular application must be filed while the provisional application is pending (e.g., before the expiration of the one-year life). In addition to adding claims and complying with other matters, the regular application must also include at least one inventor who was listed as an inventor on the provisional application.

Although the pendency of the provisional application may not begin the twenty year term of a U.S. patent, the filing does commence the one-year Paris Convention priority period for filing foreign applications. Therefore, foreign filings must be filed by the first anniversary of the earliest provisional application. Because these are general rules, you should be sure and discuss the strategies, as well as the pros and cons, of filing a provisional application with your attorney before doing so.

## **PATENT APPLICATION COMPONENTS**

---

A patent application can only be filed with the Patent Office by the actual inventor or his or her representative. The basic elements of a patent application are as follows:

- A specification
- An oath or declaration;
- Drawings, when necessary; and
- A filing fee.

A specification is a written description of the invention or discovery that must clearly and concisely describe the manner and process of making and using the invention. It must be specific enough to enable a person who is knowledgeable in the particular area to which the invention relates to make and use the invention. In addition, the specification must describe the invention in such a way as to distinguish it from other previously known inventions.

The specification should conclude with a claim or claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his or her invention or discovery. The claims legally define the patentable features of the invention. Each claim is a single sentence describing precisely what new, useful, and nonobvious features constitute the actual invention. The claims are the most important part of an application since the monopoly granted by a patent covers only the material appearing in the claims. An example of a claim for a type of billiard table having a novel cushion is as follows:

A playing table comprising: a playing surface and a raised marginal edge portion surrounding said surface, said raised marginal edge portion having a longitudinally extending recess therein, and a cushion consisting only of a base

disposed in said recess and a downwardly accurately extending cantilevered lip integral with said base and extending away from substantially the top of said base.

Although, similar to the provisional application, a utility application need not include claims at the time of filing, it must include such claims shortly thereafter, since the claims are a primary portion of the application document on which examination is based. Furthermore, it is typically good practice to include claims in the original utility application filing to ensure that the claims are consistent with the specification and are of appropriate scope.

The applicant is required to furnish a drawing of his or her invention when necessary for understanding the nature of the invention. In other words, if it is possible to draw the invention, a drawing must be included. As many drawings as are necessary to fully describe the invention are required.

An oath or declaration must be signed by the inventor(s) and filed with the application, stating that the named inventor is believed to be the original inventor of the invention which is claimed. By signing the oath, the inventor acknowledges his or her duty to disclose any information known to or later discovered by the inventor which is relevant to the examination of the application by the Patent Office.

The Patent Office also requires the submission of an Information Disclosure Statement by the applicant. An Information Disclosure Statement contains a listing of any patent publications and other information of which the applicant is aware and which is relevant to the examination of his or her application. An applicant must submit this document in order to comply with the duty of candor and good faith toward the Patent Office. Failure to do so could later enable another party to invalidate the issued patent.

## EXAMINATION OF THE PATENT APPLICATION BY THE PATENT OFFICE

---

An application filed in the Patent and Trademark Office is assigned for examination to a group of patent Examiners having responsibility for the category of inventions to which the application relates. The Examiner is charged with making a thorough study of the application and all of the available public information pertaining to the subject matter of the claimed invention. It is the Examiner's job to determine whether the invention is patentable as claimed, so the Examiner determines whether the invention is new, non-obvious, and useful. In addition, the Examiner determines whether the application complies with certain formalities and various other statutory requirements. After the initial examination is completed, the applicant is notified of the Examiner's decision in a communication known as an "Office Action". The Examiner may allow claims, reject claims, object to formal matters, or any combination thereof.

If an Examiner allows a claim, it means that he or she believes the claim is patentable and that a patent should be issued incorporating that claim. If the invention is not considered patentable, or not considered patentable as claimed, the claims will be rejected, and the Examiner will give reasons and cite references to explain the decision.

Examiners sometimes issue an objection, which is a refusal to allow a claim because its form is improper or because some other part of the application is defective. An objection, as opposed to a rejection, is usually easily overcome.

As stated earlier, the Examiner will inform the applicant of the reasons for any adverse action taken on the application. He or she will also provide the applicant with any information or references on which the decision is based. If the Examiner's action is adverse in any respect, and the applicant wishes to persist in the

application for a patent, the applicant must reply to the Examiner's comments and request reconsideration. In particular, the reply must specifically point out the supposed errors in the Examiner's action and respond to every ground of objection and rejection. The applicant may choose instead to amend the application and state how his or her amendments avoid the references or objections raised by the Examiner. After a response is filed by the applicant, the application will be reconsidered, and the applicant will then be notified of the Examiner's decision in the same manner as was done after the first examination. On the second or after any later examination or reconsideration, the rejection or other action may be made "final." The applicant's response is then limited to an appeal to the Patent Office Board of Appeals (in the case of the rejection of any claim), a petition filed with the Commissioner of the Patent and Trademark Office (in the case of objections or requirements not involving the rejection of any claim), or a continuing application (discussed below).

## **THE EXAMINER'S INCENTIVES**

The Patent Office evaluates its patent Examiners primarily according to the number of applications they process. Examiners, therefore, have no incentive to spend very much time on any one application, as it is to their benefit to process applications as quickly as possible.

The Examiner typically does not take the time to read and study an application at length. An Examiner usually does a quick search to discover all of the relevant patents and other public information pertaining to the claims in an application. The Examiner then typically sends the applicant a letter (Office Action) rejecting the claims as being obvious in view of the material he or she has discovered during his or her search. The applicant must then respond by carefully explaining and distinguishing each cited reference, thereby demonstrating to the Examiner that a patent should be issued. This routine saves the Examiner time since the

applicant has spent his or her own time figuring out why the references cited by the Examiner are not particularly relevant – instead of the Examiner taking the time to do so. Thus, it is common that claims that are originally rejected by an Examiner may be frequently later allowed after the Examiner has had the opportunity to read the applicant’s response distinguishing the invention from the cited references.

It should be noted that there are second-set-of-eyes quality checks at points in the prosecution to ensure a level of examination quality. Further, because Examiner time is at a premium due to the volume of patent applications to be addressed, it is often difficult for an Examiner to accurately identify differences between the claims and the references he or she locates that are deemed to be the closest “prior art” to those claims. As such, it is suggested that patent applicants view the examination process as a cooperative effort by the patent applicant and Examiner to (1) ensure that the Examiner has a full understanding of the invention, and (2) ensure the claims included in the patent application accurately capture the invention described in the patent application, and at an appropriate scope that does not encompass “prior art”.

## **THE EXAMINER’S EXPERTISE**

---

Patent Examiners all possess some type of technical training, and a particular category of inventions is assigned to each examiner. Some categories are very narrow, and one Examiner, for example, may only handle applications based on the manufacture of electronic circuit boards. Such an Examiner will thus acquire a great deal of expertise on the subject of such circuit boards.

However, some Examiners are assigned a broad category of inventions to examine. This is simply due to the fact that the inventions can only be divided up into so many categories. Hence, it is very likely that such an Examiner will be dealing at times

with inventions with which he or she is not very familiar. Thus, part of the application process may necessarily include educating the Examiner as to the particular problems or advantages addressed by the invention to which the application relates.

## **OPTIONS AVAILABLE AFTER RECEIVING A FINAL REJECTION**

---

Once an Examiner issues a final Office Action, patent applicants have limited ability to amend the claims of that application to distinguish those claims from the references cited by the Examiner. A number of responsive options are available to the patent applicant, depending upon that applicant's view of the patentability of the pending claims that stand rejected by the Examiner.

## **CONTINUING APPLICATION**

A continuing application is basically an original patent application that is refiled. The second application is entitled to the benefit of the filing date of the first application, and must be filed as a separate application before termination of proceedings on the prior application. Thus, after an applicant has received a final rejection, but before the examination proceedings have been terminated, an applicant can file a continuing application and start the examination process all over again. A continuing application is appropriate where the original application contained patentable subject matter but did not clearly identify or distinguish it from prior inventions. This procedure can be continued over several or more continuations, but it does involve the payment of additional fees by the applicant. The filing of a number of continuations may also significantly shorten the ultimate enforceable term of a resulting patent.

A more streamlined continuation application is also available. This type of application is known as a Request For Continued

Examination (“RCE”). While the fees are similar to a regular continuation application, the advantage is that an RCE application receives a more favorable placement in the Examiner’s queue and is examined again more rapidly. However, in order to file this type of continuing application, the Applicant must respond to each of the Examiner’s objections and rejections raised in the original application.

### **CONTINUATION-IN-PART**

A continuation-in-part is an application filed during the lifetime of an earlier application by the same applicant, repeating some substantial portion or all of the earlier application and adding matter not disclosed in the earlier case. The continuation-in-part application is entitled to the benefit of the filing date of the earlier application as to the common subject matter. A continuation-in-part application is appropriate when a patentable improvement of the original invention is developed after the original application is filed.

### **BOARD OF APPEALS**

After the claims in an application have been rejected twice, or after a final rejection has been received, an applicant may, upon the payment of a fee, appeal the decision of the Examiner to the Patent Office Board of Appeals. Such an appeal is appropriate when the applicant feels that the Examiner’s rejection is clearly incorrect.

### **FEDERAL COURT**

Any applicant dissatisfied with the decision of the Board of Patent Appeals may appeal to the United States Court of Appeals for the Federal Circuit. This is an unusual and expensive procedure that

can only be justified for inventions having substantial commercial potential.

---

## **PRACTICAL CONSIDERATIONS**

---

### **IDENTICAL INVENTIONS DEVELOPED BY TWO SEPARATE INVENTORS**

One of the main changes adopted by the America Invents Act relates to determining how to award patent applications when separate inventors develop identical or similar inventions. Under prior U.S. law, patents were awarded to the first inventor(s) to in fact invent a particular new or novel invention, irrespective of when those inventors filed a corresponding patent application. As such, in isolated cases, an inventor may have invented his or her invention prior to a filed patent application on the same subject matter. During Examination, the inventor would be allowed an opportunity to establish his or her earlier invention by affidavits, or by institution of an “interference” proceeding, discussed briefly below.

However, under the America Invents Act, patents are awarded to applicants on a “first inventor to file” basis. In other words, if two inventors independently conceive of an invention, the first-filed patent application will be awarded a patent, irrespective of whether the inventor listed on that application in fact conceived of his or her invention first. The first “true” inventor (i.e., the inventor of an earlier-conceived invention but who was not a first filer of a patent application) would be denied a patent. As such, it is increasingly important to file patent applications quickly after conception, to reduce the risk of subsequent inventors foreclosing patent rights.

Inventors who believe that a first-filed application was not independently invented, but rather was derived from the inventive activities of that inventor, can now file a “derivation” proceeding

that is heard by an administrative court of the U.S. Patent and Trademark Office. The derivation proceeding allows the inventor to prove, in a small-scale trial setting, that an earlier patent filer in fact derived the subject matter of a particular application from his or her own work, resulting in invalidation of that earlier-filed patent. The derivation proceeding generally requires documentary and/or testimonial evidence of the earlier patent filer's access to the first inventor's invention and subsequent similarity between the subject matter of the allegedly derived application and the subject matter to which that earlier patent filer had access.

Under the prior U.S. law, an "interference" proceeding would be instituted in the Patent and Trademark Office when two or more inventors are claiming the same patentable invention. An interference was typically declared between two or more pending applications, or between one or more pending applications and one or more unexpired issued patents. Because under prior laws the first party to invent, not the first party to file an application, was entitled to receive the patent for the invention it was possible for a person with a later filing date to show that he or she was the first party to invent, and thereby obtain a patent.

Even under the previous U.S. patent laws interference proceedings were rare. It is expected that such proceedings will become increasingly rare in coming years, as pending "first to invent" applications either are abandoned or issued as patents and are replaced with applications under the new "first inventor to file" laws.

## **ONE YEAR GRACE PERIOD**

Under current and former Patent laws, an inventor has a grace period of one year (in the United States) in which to file a patent application. During that one year period, an inventor may place his or her invention in public use or on sale without losing his or her right to apply for U.S. patent protection.

Under current U.S. Patent Laws, however, this one year grace period has become somewhat more limited. Under prior U.S. Patent Laws, a prior disclosure would not operate as prior art to the inventor if within a year of patent filing. However, under current laws, the prior art effect of such disclosures has changed. For example, an early disclosure can prevent others from directly copying an invention, since that early disclosure would be prior art or otherwise enforceable in a derivation proceeding. However, such earlier disclosures may now also preclude the inventor from subsequently obtaining patents themselves on variants of that original disclosure, since it may act in some cases as prior art to those variants. As such, early disclosure should be carefully considered on a case-by-case basis, and avoided where possible.

Furthermore, many foreign countries require that a patent application be filed before there is any public disclosure. Therefore, if foreign protection is desired, any existing U.S. grace period, even limited, may not be available. This is a very complex area of the law and so you should discuss this issue before any public disclosure occurs.

## CONFIDENTIALITY

All U.S. applications filed after November 29, 2000, are published at eighteen (18) months from the filing date (or priority date if earlier). One benefit of the publication rule is that the applicant has “provisional rights” with regard to the published claims. This means that if the claims which eventually issue in the patent are “substantially identical” to those published, then additional damages may possibly be obtained against certain types of infringers for the time period between publication and issuance.

The main reason for not wanting to publish the application is that the invention will be disclosed and so cannot be maintained as a trade secret.

After publication, the entire contents of the application, other papers and responses filed by the Applicant, and Office Actions by the Examiner, are made available to third parties. Also, third parties can then submit patents and other materials which they believe are relevant to the patentability of the application. While this latter issue sounds ominous, in fact it may be beneficial to the applicant since any resulting patent will be stronger having been issued over additional closely related patents and materials.

For unpublished applications, no information concerning the application is given to anyone without the permission of the applicant except in special limited circumstances. If the applicant decides at some point not to continue the attempt to obtain a patent, the contents of the application will forever be kept in confidence by the Patent Office. It is only after a patent is actually issued that the information contained in the application is made public.

For cases filed after November 29, 2000, there is still an opportunity to avoid publication. This requires certification by the applicant that the U.S. Application will not be filed in any countries outside of the United States. An applicant can change his or her mind, and file corresponding foreign applications, but the U.S. Patent Office must immediately be advised of this change. If the U.S. Patent Office is not advised within a prescribed time, the application will be considered abandoned.

## **EXPERIMENTAL USE**

A patent will be denied if an invention was in public use or on sale more than one year prior to the date of application. However, there is an exception to this rule known as “experimental use.” The “experimental use” exception permits some public use of the product by an inventor in order to enable him or her to perfect the invention before applying for a patent. The exception does not apply to situations where the use or sale of the device is mainly

for profit and commercial purposes and the experimentation is merely incidental. For example, market acceptance testing is not considered to be an experimental use.

Any public experimentation should be no more extensive than reasonably necessary for the perfection of the invention. It is up to the Examiner to determine whether the scope and length of the experimental activity is reasonable in terms of the intended purpose of the tests and the nature of the subject matter involved.

## **PATENT PENDING**

The words “patent pending” can be placed on an invention once the inventor has filed a patent application. After a patent issues, the patent number should be placed on the invention. Alternatively, the patent applicant can mark its product with a website address and then place the appropriate patent numbers at the website address thereby avoiding expenses associated with updated product labeling each time a new patent issues, and only requiring update of the website.

Failure to mark the product with the patent number can lead to reduced damages when enforcing the patent. Accordingly, marking is strongly encouraged.

There are also laws against improper marking. Therefore, care should be taken to only mark products covered by the patent and to remove the marking when the patent expires.

In some ways, the words “patent pending” can be a more powerful deterrent to a competitor than the actual patent which later issues. When a competitor sees the words “patent pending” on a product, it has no idea what feature or features of the invention are being claimed in the pending patent application. Suppose for example, that the applicant places the words “patent pending” on a vacuum

cleaner. The patent application may contain claims directed to a certain type of switch mechanism. However, a competitor would have no way of knowing this until the application publishes or the application issues as a patent in the case of a non-published application. The competitor might think that the applicant's invention relates to the brush mechanism, the type of motor, or the hose assembly, and therefore, avoid copying any of these features.

Once the application publishes or the patent issues, however, the competitor will be able to obtain a copy of the application or patent almost immediately. It can then determine exactly what the inventor has claimed as the invention. Once the competitor discovers that the application or patent applies only to the switch mechanism, for example, the competitor can freely copy the other features of the vacuum cleaner without worrying about possible infringement. Keep in mind that an inventor cannot prevent "infringement" of his or her invention until a patent issues.

However, provisional rights described above (not to be confused with the provisional patent application) may apply in this situation thereby increasing the risk to the competitor.

## **COST TO OBTAIN PATENT PROTECTION**

The expenses associated with obtaining patent protection fall into two general categories: patent attorney fees and government fees, both of which are discussed below.

### **Patent Attorney Fees**

Patent attorney fees include the cost of (i) drafting the patent application, (ii) completing the necessary formal documents, and (iii) drafting responses to the Examiner's Office Actions issued during the examination of the application. The cost of drafting a patent application, including completion of the attendant

documents, is highly dependent upon the complexity of the invention, but typically runs between about \$6,000 and \$15,000. The cost of drafting a response to an Examiner's Office Action depends upon the complexity of the Action but typically runs between about \$1,500 and \$3,000. The patent application may be allowed on the first Office Action which would, of course, eliminate the cost of drafting a response. Patent attorneys typically work on an hourly fee basis. Very few are willing to work for a fee contingent upon profits to be derived from the patented invention. Further, patent attorneys typically require the prepayment of a substantial portion of the application costs. Patent attorney fees can be eliminated completely if the applicant drafts and prosecutes the patent application himself or herself. The Patent and Trademark Office does allow an applicant to file and prosecute his or her own patent application, and various publications are available to assist those wishing to file their own application.

### **Government Fees**

At the time of printing this edition, the government fees include (i) a basic filing fee of \$280, a search fee of \$600 and an examination fee of \$720, (ii) an post-allowance fee of \$960, and (iii) periodic maintenance fees which start at \$1,160, and later escalate to \$3,600 and finally to \$7,400. Government fees may be reduced by one-half if the applicant qualifies as a "small entity" which is defined as (i) an individual, (ii) a business with 500 or fewer full-time, part-time and temporary employees (weighted average), or (iii) a qualifying non-profit organization or institution. Whether the invention is licensed to an entity that would not qualify as a "small entity" is also considered in the determination of the appropriate fees to pay.

Additionally, the new 2011 Act establishes a “micro entity” designation that entitles that applicant to a 75 percent reduction in government fees. To qualify for micro entity status, the applicant must certify that he or she:

- Qualifies as a small entity;
- Has not been named as an inventor on more than 4 previously filed patent applications;
- Did not, in the calendar year preceding the calendar year in which the applicable fee is paid, have a gross income exceeding 3 times the median household income; and
- Has not assigned, granted, or conveyed (and is not under obligation to do so) a license or other ownership interest in the application concerned to an entity that, in the calendar year preceding the calendar year in which the applicable fee is paid, had a gross income exceeding 3 times the median household income.

The basic filing fee is due and payable upon filing of the patent application. Several controllable factors such as the existence of more than 20 claims, the existence of more than 3 independent claims, the late filing of necessary attendant documents, etc., may increase the basic filing fee. The post-allowance issue fee is due and payable when and if the Examiner allows the application. The maintenance fees are due and payable 3-1/2 years after issuance (\$1,600), 7-1/2 years after issuance (\$3,600), and 11 1/2 years after issuance (\$7,400). The indicated maintenance fees may be reduced by small entity and micro entity status if applicable. Failure to pay any of the government fees when due can result in abandonment of the application and/or patent.

In summary, the total cost of filing and prosecuting a patent application typically runs between \$7,500 and \$20,000, and must be expended without any guarantee of success.

## **ENFORCEMENT OF PATENT RIGHTS**

A patent entitles the patent owner to prevent others from making, using or selling the patented invention within the United States for the term of the patent. While others may make the patented invention outside of the United States, they are not permitted to sell or use the patented invention within the United States. Similarly, others are not allowed to make the invention in the United States for use or sale outside of the United States.

By bringing a court action against an infringer, the patent owner may seek both an injunction against the infringer, and the recovery of monetary damages. The scope of the injunction, as well as damages will be determined on a case by case basis and should be adequate to compensate the patent owner for the acts of infringement. Generally the damages should not be less than a reasonable royalty for the use made of the invention by the infringer.

An alternative to bringing an action against an infringer is to offer the infringer a license to make the patented invention. Such a license may include an initial base payment, as well as a royalty for each unit of the patented invention that the licensee would make, use or sell.

A patent may have method, apparatus or product claims, or a combination of all three. If the patent includes apparatus or product claims, then other persons will be prevented from making, using or selling the specific apparatus or product. If method claims are granted, others will be prevented from using the same method, but would not be prevented from making the same end product by a different method.

The United States Patent and Trademark Office is responsible for examining and issuing patents to eligible inventors. And while the Patent Office does have certain types of processes to reconsider

the validity of the patent, for most practical purposes the role of the Patent Office ceases upon issuance of the patent. The Patent Office does not monitor commercial transactions for the presence of potential infringement, nor does it enforce patent rights against potential infringers once their presence is made known. It is the duty of the owners of the patent to protect their patent rights at their own expense. Moreover, the Patent Office does not guarantee the validity of a patent. A patent may be found by a court to be invalid and hence unenforceable at any time during its lifetime.

The Patent and Trademark Office additionally has processes that reconsider the validity of a patent. Two of these procedures were implemented by the America Invents Act. The first is Inter Partes Review, often referred to as IPR, which offers a petitioner the ability to challenge the validity of another's patents before a group of administrative judges on the Patent Trial and Appeals Board. This procedure is akin to an expedited mini-trial, limited to issues associated with the validity of the patents in question based on prior art patents and printed publications. Furthermore, the IPR procedure has limited discovery and strict time deadlines. IPRs can be filed at any time, and often are requested by a party to a traditional lawsuit to adjudicate the validity of the patents in an expedited, and likely less expensive forum than a traditional trial. Since the passage of the America Invents Act, IPRs have become an increasingly popular avenue in patent disputes.

A second procedure is Post Grant Review, which is available for challenging a patent for the first nine months following the Patent Office issuing a patent under the new America Invents Act. Similar to an IPR, Post Grant Reviews allow for an expedited challenge to the validity of a patent by third parties. Post Grant Review proceedings allow for broader types of challenges to the validity of a patent than are available in an IPR.

## **The Patent**

The financial cost of enforcing a patent against a potential infringer is highly dependent upon the complexity of the case, but legal expenses alone can easily reach hundreds of thousands of dollars. If a case makes it all the way to trial without first settling (the vast majority of patent disputes settle before making it to trial), the expenses can run into the millions of dollars. Very few attorneys are willing to litigate such cases for a fee contingent upon winning the case. It is of course possible to recoup part or all of the legal costs should the patentee win, but this prospect is never certain in advance of the court action.

It is possible to avoid the costs associated with litigation by arbitrating an infringement dispute, but arbitration requires both parties (i.e., the patentee and the potential infringer) to agree to arbitrate. Generally speaking, the chance of getting such an agreement is poor.

Patent protection offered by a valid United States patent extends only to the making, using and selling of the patented invention in the United States. A third party may make, use or sell the patented invention in any other country without infringing the U.S. patent. To obtain patent protection in foreign countries it is necessary to file a patent application in each of the countries where protection is desired. Each of these countries has its own set of rules and regulations which must be followed. Should the inventor contemplate obtaining foreign protection he or she should seek help from a patent attorney before disclosing, selling or attempting to sell the invention anywhere, including the United States.

## **A PATENT IS NOT A GUARANTEE THAT THE PATENTED INVENTION DOES NOT INFRINGE OTHER PATENTS**

---

The issues of patentability and infringement are entirely separate. A patent granted by the U.S. Patent Office confers upon the owner the exclusive right to *exclude others* from “making, using, and selling” the patented invention. The issuance of the patent does not confer upon the owner the right to make, use, and sell the patented invention. One reason for this distinction is that the patented invention may be an improvement over a prior, valid patented invention. In that case, making, using, and selling the improvement is subject to the prior patent.

For example, assume that a first inventor develops a fixed blade knife (e.g., a knife having a handle and a blade). The first inventor applies for and obtains a patent. Later, during the term of the patent, a second inventor develops a pocketknife that is identical in every way to the fixed blade knife — with the exception that the blade rotates and folds into the handle. On these facts, it is possible that the first inventor’s patent may be broad enough to cover the second inventor’s pocketknife. This is true regardless of whether the second inventor applies for and/or receives a patent from the U.S. Patent Office. The question of whether a license is required is based on the claim language of the first inventor’s patent — not the patent status of the second inventor’s invention.

## **TIME REQUIRED TO OBTAIN PATENT PROTECTION**

---

On average, it takes between one to four years from the filing date of a patent application to obtain an issued patent. Some patent applications have remained pending for decades. However, the U.S. Patent Office has set a three (3) year period as its maximum target for reviewing a patent application (not counting continuation

applications or other specified events). If the time period exceeds three years, then the patent term extension discussed above would be applicable. The applicant can also control to some extent the speed with which the application is processed by filing a very complete application and responding quickly to the Examiner's Office Actions. The number of Office Actions issued will usually be limited to two, because the Examiner will denote the second Office Action as a final action. The applicant will then be required to either (i) prepare the application for issuance of any allowed subject matter, (ii) appeal the case to the Patent and Trademark Board of Appeals, or (iii) file a continuing application starting the examination and response process over again. At any time beginning with the first Office Action, the Examiner may find allowable subject matter and allow the application. The applicant may abandon the application at any time, even after allowance.

## **FINDING SOMEONE TO MANUFACTURE AND DISTRIBUTE YOUR INVENTION**

---

Minn. Stat. § 325A.04 requires invention marketing services soliciting businesses in Minnesota to disclose how many individuals who have come to that service for help have made money on the invention after contracting for the service. This number is usually quite small, such as 1 out of 500 or 1,000 people. If the service refuses to provide you with this information or such information seems to be too good to be true, be skeptical and demand proof of their claims.

Among other states, California has a related provision (California Business and Professional Code 22370) which prohibits the activities of most typical invention marketing organizations.

The services typically offered by invention marketing services include patentability searches, patent application drafting and

prosecution, direct mailings to businesses that might be interested in selling your invention, review of trade directories and census documents to determine the potential market for your invention, presenting a written description of your invention at trade shows, and furnishing their client with the names of potential manufacturers. Generally, patentability searches and patent applications prepared by the services tend to be of reasonable quality. However, the value of the other services offered is questionable. It is strongly recommended that an inventor contemplating using such services carefully review what he or she is getting for his or her investment, as well as the usefulness of the information and services received.

A better alternative to employing invention marketing services (and, in many cases, to immediately filing a patent application) is for the inventor to utilize the money that would have been spent on those services to directly contact and meet with potential marketers of the invention. In practice, this is the most successful strategy for independent inventors with limited financial resources.

A patent may bring economic benefit to the patent owner by the outright sale of the patent, licensing the patent to others, or by commercially exploiting the patented invention itself. In order for the independent inventor to attempt either the sale or licensing of the patent, he or she must first identify the potential buyers/licensees. Once a potential buyer is located, one must then place a value on the patent. If the product covered by the patent has not yet been commercially produced, it may be quite difficult to determine accurately the value of the patent. Therefore, the patent owner may wish to license the patent and obtain a royalty on the future commercial exploitation of the patent. The specific terms of each individual license would have to be negotiated with the licensee. A typical license agreement might include a lump sum payment to be made immediately upon the licensing of the patent, as well as a royalty to be paid for each patented product produced. A license may be exclusive, granting all the patent rights to a single licensee. Alternatively, a license may be nonexclusive, so that the

patent owner may license several different licensees. The length of the license can be for any term agreeable between the parties, not to exceed the life of the patent.

## **SUMMARY**

---

A patent, as previously indicated, gives one the exclusive right to prevent others from making, using or selling the patented invention. In essence, it is a government created monopoly that allows only the patent owner to make, use or sell the patented invention, subject to any other existing patents.

The life of a granted U.S. utility patent filed on or after June 8, 1995 is 20 years from the date of filing. In other words, third parties would not be able to begin making, using or selling the patented invention until after the 20 year period expired. Thus, the patent owner would have a number of years to establish a market share as the sole supplier of the patented invention.



## TRADEMARK PROTECTION

---

A trademark is a word, name, symbol or device used by a manufacturer or merchant to identify his or her goods and distinguish them from others. A service mark is a word, name, symbol or device used by one offering a service in order to identify his or her service and distinguish it from others. Therefore, trademarks and service marks act as a source of origin of goods and services, as well as indicating the quality. For purposes of the following discussion, the word “trademark” will be used to refer to both trademarks and service marks. Trade names identify business entities and will not be discussed.

Federal or state registration does not create a trademark. Trademark rights can only be acquired by actually using the trademark in association with particular goods or services. However, as of November 16, 1989, a trademark can be “reserved” prior to actual use by filing a federal trademark application based upon an intent to use the trademark.

For most practical purposes, state registration of a trademark is meaningless. Since this area of law is controlled primarily by federal statute (the Lanham Act), existing state laws do not provide comprehensive trademark protection, if they provide any protection at all. Federal registration of a trademark, on the other hand, gives the registrant substantial procedural advantages if the trademark owner should ever be faced with the task of stopping a potential infringer. Filing an application for federal registration of a trademark typically costs approximately \$500 - \$1,000 if the services of an attorney are used. An individual may apply for

federal trademark registration directly to the United States Patent and Trademark Office without using an attorney. The government fee for filing a trademark application ranges from \$275 - \$375 per class of goods and services.

In order to obtain federal registration of a trademark, the mark must first be used in commerce. Use of the mark must be substantially continuous if rights in the mark are to be preserved, even after registration is obtained. Federal registration cannot be obtained until the trademark has actually been used on the goods and services in interstate commerce. Proper trademark use requires that the mark be placed on the goods directly, or their containers, or displays associated with the goods, or tags or labels that are affixed to the goods. If the mark is used in association with services, the mark must be used or displayed in association with the sale or advertising of the service.

As long as a trademark is being used properly, the trademark rights will last indefinitely, and any federal registration of the trademark may be renewed indefinitely. Proper use of a trademark requires that it always be used as an adjective, and never as a noun. For example, the word “zipper” was once a registered trademark and denoted a particular type of fastener. Proper use of that trademark would have been to always refer to the fastener as the “zipper fastener” and never simply as a “zipper.” Since this trademark was used improperly as a noun referring to the fastener itself, the word “zipper” lost its trademark status and simply became the “generic” word identifying a product, thereby giving anyone the right to use the word “zipper.”

Once a trademark has been federally registered, it should be identified either with the word “registered” or with the symbol ®. An unregistered trademark should be identified with the letters ™ placed in close association with the word or symbol which comprises the mark.

## **“RESERVATION” OF A TRADEMARK**

---

As of November 16, 1989, trademark applicants also have the option of “reserving” a trademark, without actually having used the mark in commerce, by filing for federal application of trademark. The applicant can apply based upon a good faith intention to use the proposed mark in commerce within a reasonable period of time. However, use of the trademark in an actual business context is required before a mark can be federally registered. Whether filing based on actual use or proposed use of a trademark, it is advantageous to file an application as quickly as possible.

## **TRADEMARK SELECTION**

---

The selection of a trademark can be very important in terms of the trademark owner’s ability to obtain registration and prevent others from using the mark. Trademarks can generally be classified into four basic categories: (i) generic, (ii) descriptive, (iii) suggestive, and (iv) arbitrary. A generic trademark is really not a trademark at all. An example of a generic trademark is the word “zipper,” discussed earlier, which has lost its trademark significance and has come to be used by everyone speaking the English language to describe not the brand of a product, but rather the whole class of products. Thus, when choosing a trademark, it would be improper to choose a word which is defined in a dictionary to mean the type of product on which the trademark is used. In other words, if you develop a type of motor vehicle, don’t choose a trademark such as “car” or “automobile” and expect to be able to prevent others from using your “trademark.”

Descriptive trademarks are also usually poor choices if you intend to be able to prevent others from using an identical trademark. A mark is descriptive if it simply tells the public what the product is or does. For example, if your product is a telephone which may

be used in an automobile, the trademark “car phone” would be considered descriptive, since it merely describes what you are selling. Similarly, a trademark such as “Minnesota Mineral Water” would be considered geographically descriptive, since any product coming from the state of Minnesota may be identified with the prefix Minnesota. There is generally no way that a person could prevent others who make a similar product in Minnesota from so identifying their products.

This is not to say that either generic or descriptive words cannot be used as trademarks, but rather, no exclusive trademark rights will be created. If one merely wishes to describe what it is they are selling, and is not particularly interested in uniquely identifying themselves as the source of that product, the generic and descriptive trademarks would be perfectly acceptable.

The strength of descriptive trademarks may be enhanced by establishing “secondary meaning,” which indicates consumer awareness of the trademark as an indication of source. The term “secondary meaning” simply means that a trademark is made up of a word that might be interpreted as merely descriptive, but because it has been used as a trademark for such a long time by a particular manufacturer, the public has come to associate that particular mark with the manufacturer in spite of its descriptive quality. An example of such a mark would be “Kentucky Fried Chicken®” which has come to signify chicken from a certain franchising organization, rather than as descriptive of all fried chicken originating in Kentucky. Since this particular trademark has acquired “secondary meaning” through use in the marketplace, other distributors of fried chicken, even if they are actually located in Kentucky, may not use this trademark which is, at first glance, merely a descriptive phrase.

Suggestive trademarks are stronger trademarks, especially if they hint at some quality of the product without actually telling exactly

what the product is. For example, the trademark “Hercules” might be a suitable trademark for a variety of goods since it conveys or suggests an image of durability and strength, but does not indicate what the product is that is being offered.

Arbitrary or fanciful trademarks are the best choice from a legal protection view point. These are words that have absolutely no meaning in the English language prior to their adoption by a particular manufacturer for use with their goods or services. These marks instantly become identified with the particular manufacturer and the exclusive right to use the mark is easily asserted against potential infringers. An example of an arbitrary or fanciful trademark is the trademark “KODAK®” for cameras.

The entire purpose of a trademark is to serve as a unique indicator of the origin of a product or service. Thus, members of the public will come to associate a particular trademark with a particular manufacturer of a product and will ask for the product by that particular name, thus giving the trademark great commercial importance. Therefore, when choosing a trademark, one should try to select a name that will lend itself to the task of serving as a unique identifier of a particular manufacturer in a competitive marketplace.

## **THE FEDERAL TRADEMARK REGISTRATION PROCESS**

---

The registration of a trademark is not a mere formality. The applicant must first have used the trademark in association with goods or services in interstate commerce. The application process involves filing with the United States Patent and Trademark Office a fee, specimens of the trademark as it is actually used, and various required statements outlining when the mark was first used and the types of goods and services on which the mark is used.

Trademarks are categorized for registration purposes into several different classes, such as, for example, cosmetics, toys, or clothing. If a trademark is to be registered in more than one class, that is, it is used on both toys and clothing, then a separate registration fee must be paid for each class in which registration is sought.

Once the application is filed, the application is examined by Trademark Office personnel referred to as Trademark Examining Attorneys. The examination process is designed to determine if any other trademark is federally registered for similar goods and services which may be “confusingly similar” to the trademark in the application. One must keep in mind that trademark infringement may occur even if an identical mark is not being used. The legal standard states that a trademark is infringing if it is “confusingly similar” to an existing trademark used on similar goods and services, and so the Trademark Office bases all of its examinations on this particular standard.

If a Trademark Examining Attorney determines that the trademark is not confusingly similar to an already registered mark, the mark is “published” in a government publication. This official publication gives members of the public an opportunity to “oppose” the registration of the mark if they feel that it is confusingly similar to some trademark that they are using, even if their mark is not already federally registered. After a waiting period of thirty days has elapsed, the trademark is granted federal registration (unless the mark was “reserved”, which would then require that a statement be filed that the trademark has actually been used). The trademark registration may still be canceled at a later time if it is not used properly, or if a prior user of the mark discovers only after the registration is granted that someone else is using its trademark. Commercial use is required to maintain a registration. A trademark registration is good for an initial term of ten (10) years. If the mark is still in use in connection with the goods and/or services with which it is registered, then the registration can be renewed for additional ten year terms.

An important point to remember in selecting and using a trademark is that the adoption of a new trademark can entail a substantial expenditure of money. Therefore, prior to adopting and using a mark, it is usually a good idea to perform a “trademark search” to determine if a similar mark is being used anywhere in the country. Various organizations are available which can perform a professional trademark search, the cost typically being between \$400 - \$1,000. If the results of the trademark search are positive, use of the mark should begin immediately, including interstate use, so that the trademark can be registered federally.

---

## TRADEMARK INFRINGEMENT

---

A trademark can be infringed even if the infringer is not using an identical mark. Trademark infringement occurs when another trademark is confusingly similar to the original trademark.

Whether the two trademarks are confusingly similar depends on a number of factors, including:

- The existence of actual confusion in the marketplace between the trademarks;
- Similarity of the appearance, sound and meaning of the trademarks;
- Similarity of the goods and services being identified by the trademarks;
- The degree of secondary meaning acquired by the trademarks;
- The sophistication of the consumers who buy the particular products or services;
- The similarity of the channels of distribution of the products or services (that is, are they both sold in the same types of stores):

- The degree of commercial competition between the two trademark users; and
- The distinctiveness of the trademarks (that is, are they somewhat descriptive or are they arbitrary and fanciful).

Since trademark rights are created by use of the trademark, one's rights in the trademark prior to federal registration or reservation are limited to those areas of the country where the mark has actually been used. Thus, in the absence of federal registration or reservation, it is perfectly permissible for two organizations to use identical marks on identical goods if each of them occupies mutually exclusive geographic market areas.

As with patents, the United States Patent and Trademark Office has no program for monitoring for the potential infringement of registered marks, and will not enforce trademark rights on behalf of the owner of a federally registered trademark. Once a trademark owner determines that someone else is potentially infringing his or her trademark, the trademark owner must bear the expense of remedying the situation. Frequently, a simple letter to the infringer requesting that they cease use of the mark is sufficient. However, if the infringing party is not cooperative, the controversy is likely to end up in a federal court with all of its attendant legal expense. The commercial value of the trademark must necessarily be fairly substantial to justify the expense involved in conducting a full scale trademark infringement suit in federal court. Again, it must be emphasized that a descriptive trademark, even one having substantial secondary meaning, is much more likely to be successfully infringed than arbitrary or fanciful trademarks. Also, an arbitrary or fanciful trademark is likely to be much less expensive to defend in any legal battle, since its ownership will be more readily apparent to a court deciding the issue of infringement.

In addition to preventing others from using a confusingly similar mark within the United States, the owner of a registered trademark may also utilize the United States Customs Service for preventing products bearing confusingly similar trademarks from being imported into the United States.

## **SUMMARY**

---

The owner of a trademark may prevent others from using a mark which is confusingly similar to the owner's mark. To determine whether or not another mark is confusingly similar, it is necessary to look at the sound, appearance and meaning of the trademark as well as the goods/services for which the mark is used. A trademark can be quite valuable in that it identifies the products/services carrying the mark as originating from a certain source. The public will begin to recognize a trademark as standing for a certain level of quality and may very well build an allegiance towards purchasing those products/services in the future.



## COPYRIGHT PROTECTION

---

A third type of intellectual property is the copyright. A copyright protects literary and artistic “expression” as well as other types of informative media that derive their value from the particular manner in which the information is expressed. Books, musical works, plays, computer programs, paintings, sculptures, and movies are among the types of works which are eligible for copyright protection. Generally, any work which is fixed and which includes an artistic or expressive component can be the subject of a copyright.

A copyright generally protects only a work’s appearance or “expression.” Copyrights are different and separate from patents and trademarks. You cannot copyright an invention; you patent an invention. You cannot copyright the name of a product; but you can establish trademark rights in a product name. However, you cannot patent or trademark a book, which is the particular expression of an idea, and is protectable only by copyright.

A copyright arises in a work if at least a portion of the work is original (not copied from something else) and the work includes some literary or artistic expression. Copyright only protects particular expressions of ideas, not the ideas themselves. For example, although a copyright exists in a particular painting of a lighthouse, the copyright only protects that particular painting and does not prevent others from creating a painting of the lighthouse. Painting a picture of the lighthouse is the “idea” and is not protectable; the particular painting of the lighthouse is an “expression” of the idea, and is protectable.

A copyright automatically attaches to a work at the time it is written down or otherwise fixed or recorded. There is no need to sell a copy of the work (as in the case of trademarks). Nor is it necessary that the work be registered with the federal government (as in the case of patents).

In order to best preserve the copyright in a work, all publicly distributed copies of the work should have a copyright notice affixed to them. The notice should include the familiar © symbol (or the word “copyright” or “corp”), the year of first publication, and the name of the owner of the copyright. Thus, a sufficient copyright notice might be: © 2009 Norman Smith. The copyright notice is no longer a legal requirement, but it is still recommended. Within three months after publication, two copies of the best edition of a work should be deposited in the Copyright Office.

In addition, the copyright in a work can be registered with the Federal Government at any point during the life of the copyright. One copy (if the work is unpublished) or two copies (if the work is published) of the work, along with a completed registration form and a \$35 - \$65 fee are submitted to the Copyright Office. Typically, the Copyright Office will process the registration within a few months after receiving the application. The copy or copies which are submitted with the registration application fulfill the deposit requirement mentioned above.

Since registration with the copyright office is not required, failure to register will not invalidate a copyright. However, registration is highly recommended for a variety of reasons, including a presumption of validity. Also, if infringing activities occur after registration of the work, then statutory damages and attorneys’ fees may be available. Registration is fairly inexpensive and maybe easily performed by the individual without consulting an attorney.

The owner of a copyrighted work has the exclusive right to do and to authorize any of the following:

- Copying of the work;
- Adaptation of the work (e.g., making a movie based on a copyrighted book);
- Distribution of copies of the work to the public, by sale, rental or otherwise;
- Public performance of the work; and
- Public display of the work.

There are many limitations to the exclusive rights listed above. Two of the most common are the “fair use” and “first sale” limitations. Also, in contrast to a trademark, a copyright only has a limited lifetime.

## **FAIR USE**

---

Other people can use (copy, perform, display, etc.) a copyrighted work for purposes such as criticism, comment, news reporting, teaching, scholarship, or research without infringing the copyright. Fair use is determined on a case-by-case basis. Whether a use is indeed a “fair use” depends largely on the effect of the use upon the potential market for or value of the copyrighted work.

## **FIRST SALE**

---

The owner of a lawful copy of a copyrighted work can sell, rent or otherwise dispose of that copy. Some exceptions to this rule are limitations on the rental and/or leasing of sound recordings and computer software.

## DURATION

---

Generally, a copyright lasts for the author's lifetime plus 70 years for those works which were created after January 1, 1978. Thus, a copyright lasts considerably longer than a patent (20 years from the filing date for a utility patent) but not as long as a trademark, which can theoretically last forever. In the case of a "work for hire" e.g., a work created for a company by an employee the term is 95 years from the date of publication.

Over the years a number of amendments and extensions have been made to copyright terms. Accordingly for works created prior to 1978, an attorney familiar with the myriad of rules should be consulted.

## SUMMARY

---

According to statute, the owner of a copyright has the exclusive right to do any of the following:

- To reproduce the copyrighted work in copies or in phonorecords;
- To prepare derivative works based upon the copyrighted work;
- To distribute copies or phonorecords of the copyrighted work to the public by sale or transfer of ownership or by rental, lease, or lending;
- In the case of literary, musical, dramatic, and choreographic works, pantomimes, motion pictures and other audio visual works, to perform the copyrighted work publicly; and

- In the case of literary, musical, dramatic, and choreographic works, pantomimes, pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audio visual work, to display the copyrighted work publicly.

With the exceptions noted above, anyone who violates any of the exclusive rights of the copyright owner is an infringer. Remedies for infringement include injunctions, impounding and disposition of infringing articles, damages and profits, costs and attorneys' fees. Further, importation of infringing copies may be prevented.



## **TRADE SECRET PROTECTION**

---

A trade secret is any formula, pattern, device, process, tool, mechanism, or compound of peculiar value to its owner (and his or her employees) which is not protected by a patent and is not known or accessible to others. Trade secret protection is governed exclusively by state law, but for all practical purposes, every state makes theft or unauthorized dissemination of a trade secret an unlawful act.

The requirements for trade secret protection are that the trade secret must not generally be known, its owner must gain an economic advantage from the trade secret, and its owner must take steps to preserve the confidential nature of the trade secret.

One of the major benefits of a trade secret is that there is no limitation as to length of time that the trade secret may be kept confidential. With a patent, the patent owner only has exclusive rights for the period of time after the patent issues until 20 years from the filing date of the application for patent, and there may be problems with policing one's patent rights. With a trade secret, as long as it is kept confidential, it will benefit only the owner of the trade secret. One good example of a trade secret is the formula for Coca-Cola®.

The courts will protect trade secrets if they are truly secret, substantial, and valuable. This type of protection is appropriate only for products or processes that cannot be discovered by any sort of "reverse engineering." In other words, the secret must still be undiscoverable even after the product is placed in the hands of the ultimate consumer and subjected to a thorough analysis.

This ability of others to reverse engineer trade secrets points out the main disadvantage of trade secret protection compared to patent protection. For example, if an invention is patented, even if others reverse engineer the product or obtain a copy of the patent, the patent gives the rights to exclude others from making, using and selling the patented invention. On the other hand, in the case of trade secret protection, others may freely attempt to discover a trade secret by reverse engineering the invention.

## COMMONLY ASKED QUESTIONS CONCERNING INTELLECTUAL PROPERTY PROTECTION

---

### **1. What is the difference between a design patent and a utility patent?**

A utility patent covers the concept or idea behind a device or process, whereas a design patent protects only the appearance of the article. After issuance, a utility patent has a term of 20 years from the date of filing. A design patent is good for 14 years from the date it issues. A design patent application consists primarily of a drawing, whereas a utility patent application includes drawings accompanied by a detailed text and carefully written claims.

### **2. What are the three requirements for patentability?**

The invention must be new, useful and non-obvious. Most patent applications are rejected on the ground that the invention would have been obvious to an imaginary person skilled in that particular area of technology who is aware of all printed material and patents that have ever been published relating to that particular field.

**3. If I develop a new idea, must I apply for a patent before I begin selling my product?**

No. Although sales or other public disclosures of your invention prior to filing a U.S. patent application can cause the loss of foreign patent rights, you may file a U.S. patent application within a year of your first sale, offer for sale, or other public disclosure, whichever occurs first. With the advent of the first to file system, an inventor must also be wary of a parallel inventor filing his patent application first, thereby precluding the ability of the inventor to get a patent. Therefore, it is important that you consult with a knowledgeable patent attorney to discuss this issue if you plan to file an application around or after that date.

**4. How long does it take to get a patent after I apply?**

Although some patents issue within a few months, a typical patent takes between 1 and 4 years to issue, assuming it is ever granted. Some patent applications have remained pending for decades (although the U.S. Patent Office is discouraging such practice).

**5. Can I apply for a patent without going through an attorney?**

Yes. Several publications exist to assist inventors in filing their own patent application, including "The Inventor's Notebook" by Fred Grissom and David Pressman and "Patent It Yourself" by David Pressman. (Nolo Press Books, Berkeley, CA 94710.)

**6. Is it possible to obtain a patent for an improvement made on a device or process which has already been patented?**

Yes. The issues of patentability and infringement are entirely separate. Therefore, one may obtain patent protection for an improvement to a device, yet, to build the improvement and market it in conjunction with the original device would infringe the original patent.

**7. If I find out that someone is infringing my patent, what will the Patent Office do to protect my rights?**

Nothing. The Patent Office plays no role in discovering or prosecuting infringers of valid U.S. patents. The patent owner is entirely responsible for bearing the burden and expense of protecting his or her patent rights.

**8. If two people invent the same thing independently, does the first person to file a patent application receive the patent?**

Yes. This is one of the primary changes of the recently passed America Invents Act. The first person to file the application with the Patent Office will be granted the patent – subject to a limited grace period if the first inventor publicly discloses the invention.

**9. Do most people who receive patents end up making money on them?**

No. A patent is issued for any idea that is new, useful, and non-obvious. The issuance of a patent is not an indication that there is any reasonable commercial use for the invention and/or that the invention will be commercially successful.

**10. If I develop a new product and begin selling it without applying for a patent, can't someone else obtain a patent on the idea and prevent me from making my own product?**

No. Only the original inventor may apply for a patent.

**11. Can more than one person be named as the inventor in a patent?**

Yes. Multiple inventors are quite common, and indeed, it is a legal requirement that all contributors to the inventive concept claimed in the patent be named as inventors.

**12. If one of my employees invents something in the course of his duties, can I apply for the patent?**

No. Only the true inventor can apply for a patent. However, if the employee develops the invention as part of his or her job duties, the employee generally has a legal duty to assign the entire right in the invention to the employer.

**13. If I develop a new, useful and non-obvious method of making something that is already known, can I obtain a patent on the method only?**

Yes. Method or process patents are quite common, especially in the fields of chemistry, materials and data processing.

**14. If I have a United States patent on some particular apparatus or device, can I prevent someone abroad from making the device and exporting it for sale in the United States?**

Your United States patent will not permit you to prevent someone from manufacturing or using your device abroad, but will prevent the device from being sold or used in the United States, including importing it to the United States, regardless of where it is manufactured.

**15. Can I obtain trademark protection without registering the trademark?**

Yes. Trademark rights are based on the extent of actual use of a mark in commerce, but the federal trademark registration is prima facie evidence of use of the mark throughout the United States.

**16. Can I reserve a trademark that I intend to use in the future but have not yet actually begun using?**

Yes. By filing a federal trademark application along with the required “intent to use” statement.

**17. If I reserve a corporate name with the Secretary of State, does that give me trademark rights in that name?**

No. A corporate name can never take on trademark status until that name is used in association with specific goods and services.

**18. If I am using a trademark that is not identical to someone else's trademark, can I still be guilty of trademark infringement?**

Yes. Trademark infringement occurs whenever two trademarks are "confusingly similar" to each other. Thus, if the two trademarks are similar enough to confuse the average consumer as to the origin of the products or services, then trademark infringement has probably occurred.

**19. If I obtain a state trademark registration, does that registration guarantee that I have exclusive rights to use the trademark in that state?**

No. State trademark laws vary from one state to another, but generally the state performs only a cursory examination to determine if your mark is similar to other marks registered in that state. Some states perform no examination whatsoever, and it is quite possible to obtain a state trademark registration for a trademark that is identical to an already existing federally registered trademark. In such a case, a state trademark registration is of little or no value.

**20. After I create some literary or artistic work, what do I have to do to obtain a copyright on my creation?**

Nothing. Copyright protection attaches at the moment the work is fixed in tangible form (e.g., written down). In order to preserve your copyright, you should (but are no longer required to) mark it with a copyright notice, which includes the word “copyright” and or the symbol ©, the year of creation, and your name. Therefore, an appropriate copyright notice could appear: © 1996 William Smith.

**21. Why would I want to register a copyright if copyright protection comes into being automatically when I create the work?**

Registering a copyright offers procedural advantages if you should ever attempt to prevent the unauthorized copying of your work. Copyright registration may be accomplished by filling out a form available from the register of copyrights, Library of Congress and submitting it along with appropriate specimens and official fees (usually \$35- \$65).

**22. If I manufacture a product by a secret process and one of my customers discovers that process by analyzing the product, can I recover damages for the theft of my trade secret?**

No. A trade secret loses its status as a secret if it can be discovered by members of the public by inspection and analysis of the product. No action may be taken against anyone discovering the trade secret by such methods.

**23. What is the address, telephone number and website for the Copyright Office?**

Copyright Office Library of Congress  
101 Independence Avenue S.E.  
Washington, D.C. 20559-6000  
(202) 707-3000  
<http://www.copyright.gov>

**24. What is the address, telephone number and website for the U.S. Patent and Trademark Office?**

**General mailing address for patents:**

U.S. Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

**General mailing address for trademarks:**

Commissioner For Trademarks  
P.O. Box 1451  
Alexandria, VA 22313-1451

**Current physical location:**

U.S. Patent and Trademark Office  
Randolph Building  
401 Dulany Street Alexandria, VA 22314

Website - <http://www.uspto.gov>  
Phone - USPTO Contact Center (UCC): (800) 786-9199

ISBN 1-888404-69-8