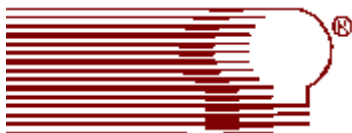


Intellectual Property Law Overview

The George Washington University
School of Engineering and Applied Science

E-Commerce Lecture Series

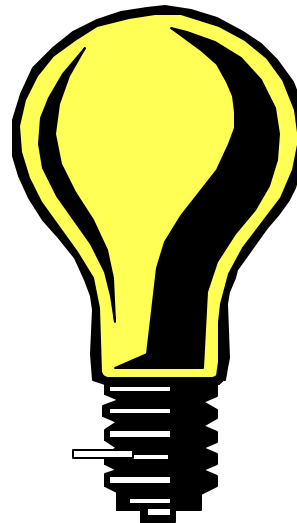
March 29, 2001



What is Intellectual Property?

“Intellectual Property” (IP) refers to creations of the human mind that are protected by state and federal law in a fashion similar to real property (i.e., land). IP rights include:

- Trade Secrets
- Trademarks
- Copyrights
- Patents



Why Protect IP?

- Promotes Creativity and Contributes to Economic and Social Development
- Protects Moral and Economic Rights of IP Creators and Governs Public Access
- Basic Fact: Unlike Land, Mere Possession Does Not Protect it Once it Has Been Expressed

Legal Basis for IP Protection

“Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their writings and discoveries.”



- U.S. Constitution
Article I, Section 8, Clause 8.
("The Patent and Copyright Clause")

The Patent Rights

A Patent Is a Grant by the United States Federal Government that Entitles the Owner (e.g., an Individual Inventor or Company) to Exclude Others From:

- Making
- Using
- Selling
- Offering to Sell
- Importing into the United States

an Invention.

Term: 20 Years from the Date on Which the Application For the Patent Was Filed in the United States.

Patent Requirements

A Patent Is Granted to the First Inventor Of:

- Novel
- Useful; and
- Nonobvious

Process (Method), Machine, Article of Manufacture or Chemical Compound, or Improvements of the same.

Why Patent?

- Commercial Advantage over Competitors
- Exercised by the Owner:
 - ▶ Directly by Making or Selling the Invention, or
 - ▶ Indirectly by Licensing Others to Make or Sell the Invention
- Financial Reward for Bringing Innovative and Useful Products into the Marketplace
- Recoup Dollars Spent on R&D
- Stop Unfair Competition by Those Who Compete by Imitation
- Provide Valuable Trading Cards to Help Assure Freedom to Operate

When to Patent?

In U.S., There Is a One-year Statute of Limitation to File Which Begins from the Earliest:

- Printed Publication (e.g., Publishing a Paper or Disseminating over the Internet)
 - Sale (Selling a Product or Service That Embodies the Invention),
 - Offer for Sale
 - Public Use (Putting the Invention into Public Use)
- Most Other Countries Require Absolute Novelty and Offer No Grace Period.
- Thus, If World-Wide Patent Protection Is Sought, Must File Before Any Publication, Sale, Offer for Sale, or Public Use.

The U.S. Patent and Trademark Office (FY99)

- Over 3,000 Scientists and Engineers (Called “Patent Examiners”) Organized into Six "Technology Centers":

Biotechnology, Organic Chemistry & Designs

Chemical and Material Engineering

Transportation, Construction & Agriculture

Mechanical Engineering, Manufacturing & Products

Communications and Information Processing

Physics, Optics, System Components & Electrical Engineering

- 143,686 Patent Applications & 240,308 Trademark Applications Filed
- 169,154 Patents Granted & 87,774 Trademarks Registered
- Web site: <http://www.uspto.gov/>

Software: Copyrights v. Patents

Copyright

Administered by U.S. Copyright Office

Life of Author + 70 Years / 95 Years after Publication

Automatic Protection upon Fixing Work in a Tangible Medium

Exclusive Rights Include:
Reproducing, distributing, displaying, transmitting, and preparing derivations

Protects Against Copying of a Specific Implementation

Patents

Administered by USPTO

20 Years from U.S. Filing Date

Must Formally Apply with PTO

Exclusive Rights Include:
Making, using, selling, offering to sell, importing

Protects Functionality, Operation, Architecture, Interaction (Interface & Protocols)

Patent Economics

- IBM's Yearly Income from Patent Royalties = \$1B
- Xerox's Yearly Income from Patent Royalties = \$10M
- Texas Instruments' Yearly Income from Patent Royalties = \$800M
- Dell Computers Has 42 Patents Which it Used as \$16B in Collateral
- *Polaroid v. Eastman Kodak* - \$925M
- *Fonar v. GE* - \$128M
- *Honeywell v. Minolta* - \$128M

The Copyright

- Protects: Original Works of Authorship fixed in any tangible medium
- Automatically created worldwide when work is fixed
- Protects Expression not Idea
- Individual's Term =
 - ▶ Life of Author + 70 years
- Corp.'s "Work for Hire" Term =
 - ▶ Min[95 years from pub., 120 years from creation]

Copyright: Exclusive Rights

- Reproduce the work;
 - Prepare derivative works based upon the copyrighted work;
 - Distribute copies;
 - Publicly perform the work;
 - Publicly display the work; and
 - Publicly perform the work through digital transmission
-
- ▶ Beware of “Fair Use” Doctrine

Works Eligible for Copyright

- Literary works;
- Musical works, including any accompanying words;
- Dramatic works, including any accompanying music;
- Pantomimes and choreographic works;
- Pictorial, graphic, and sculptural works;
- Motion pictures and other audiovisual works;
- Sound recordings; and
- Architectural works.
 - ▶ Use of © is not required, but suggested

Trade Secret

- Definition: Any confidential information that is valuable to a firm because it provides it with a competitive advantage
- E.g., Compilation (Customer/Supplier list), Recipe, Formula, Process, Method, Technique, etc.
- Owner must take *reasonable* steps to keep it secret
- No Examination or Registration requirements
- Can Co-Exist with Patent and Patent Protection

Trade Secret v. Patent

No Expiration

No Public Knowledge

Minimal novelty and utility requirement

Protected by State Law
misappropriation suit

Competitors may Reverse
Engineer or Later Patent

Must take *reasonable* steps to
keep secret

Inexpensive

20 Years from Filing

Requires Public Disclosure

Statutory novelty and utility requirements

Protected by Federal Law
infringement suit

Competitors may not Reverse
Engineer

No Duty to Enforce

Expensive

Types of Trademarks

- Trademarks (*e.g.*, Coca-Cola[®], Mymark[™])
- Service Marks (*e.g.*, Jiff Lube[®], MyMark[℠])
- Certification Marks (*e.g.*, Good Housekeeping Seal of Approval, UL Listed)
- Collective Marks (*e.g.*, Brazilian Nut Assoc.)

Famous Marks

Coca-Cola



**CREAM
OF
WHEAT**

Trademarks

- Definition: A way (e.g., a name, symbol, color, shape, device, or combination) to identify the source of goods and/or services.
- Allows a consumer to repeat a good experience or avoid a bad experience
- Public trade-off: invest in goodwill (i.e., improve quality) and receive exclusive rights to get patronage (i.e., repeat customers)
- Last for 10 years, and is continuously renewable (as long as no abandonment)

Trademarks Requirements

- Requirements: (1) Use in Interstate Commerce; and (2) Affixation to Goods or Used in Advertisements to Identify Services; and (3) Distinctive
- Distinctiveness: (a) Fanciful (e.g., Kodak[®] Film); (b) Arbitrary (e.g., Four Rose[®] Whiskey); (c) Suggestive (e.g., Coppertone[®] Sun Tan Oil); or (d) Acquired Secondary Meaning (e.g., Chap Stick[®] Lip Balm)
- Generic, Misleading, Immoral/Scandalous, False connection, and similarly confusing marks are not registerable