INTELLECTUAL PROPERTY BASICS AND CONSIDERATIONS FOR START UP COMPANIES

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IP Basics

• Types of Intellectual Property

— **Trademarks and Service Marks**: words, symbols, phrases used to denote product/service origin

— **Trade Names**: business name of entity

— **Copyrights**: works of art

— **Rights of Publicity**: The right to control the commercial use one’s identity, includes celebs and non-celebs

— **Trade Secrets** — secret information of value to a business

— **Patents**: protect novel and non-obvious inventions
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What is a Trademark or Service Mark?

• Any word, name, symbol, or device used by a party to identify and distinguish their goods/services from those manufactured or sold by others
• Trademarks symbolize goodwill and reputation of company’s products/services
• Trademarks function as an assurance of consistent quality
• Unlike a copyright or patent, trademark rights can last indefinitely if the trademark has continuous use
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Advantages of a Federal Registration

• Filing date provides nationwide “constructive use”
  • Even if registrant has no use of mark in territory at issue, the registration provides rights in any territory not subject to prior common law rights of another party

• Registration allows recovery of profits, damages, and costs in federal court infringement action

• Registration is prima facie evidence of
  • Validity of registration
  • Registrant’s ownership of mark
  • Registrant’s exclusive right to use the mark on the specified goods/services
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Notice (Symbols)

- ®, or “Registered in the U.S. Patent and Trademark Office”, or “Reg. U.S. Pat. & Tm. Off.” means the trademark is covered by a Federal Registration
- ™ (Trademark) and SM (Service Mark) are used to indicate a claim of ownership even if no federal trademark application is pending – referred to as common law trademark rights
Marks may be registered in individual foreign countries, as a European Community Trademark or as an International Application via the Madrid Protocol.

Most foreign countries do not require use to register but registration is required to own rights in a mark (no common law protection).

Registration priority based on first to file not first use.
What Subject Matter is Protectable by Copyright?

- Original works fixed in a tangible medium of expression, now known or later developed, from which they can be perceived, reproduced or otherwise communicated, either directly or with the aid of a machine or device.
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COPYRIGHT EXAMPLES

- Literary works
  - Includes textual works, computer software and other things expressed in words, letters or numbers
- Musical works
- Dramatic works
- Motion pictures and other audiovisual works
- Sound recordings/video recordings
- Architectural Works
- Pantomimes and choreographic works
- Pictorial, graphic and sculptural works
  - Includes motion pictures, videos, slide shows
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Copyright Requirements

- Independent creation
- Does not mean creation must be novel
- Very low standard for determining creativity
- Registration is not required to own copyright however registered copyrights allow owner to recover statutory damages and attorney’s fees in a court action if the copyright is timely filed
- Copyrights protect expressions in tangible form, not ideas
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Copyright Notices

- While notice is not required, notices should be used to maximize protection:
  - © 2017 KONG Company LLC or
  - Copyright 2017 KONG Company LLC; or
  - Copr. 2017 KONG Company LLC

- Note: elements of the notice are in order: copyright symbol, first year of publication, and owner of the copyright
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Work Made for Hire

- A work prepared by an employee within the scope of his or her employment, OR
- A commissioned work that falls within a specified category of works and the parties agree in writing to treat it as a work made for hire (collective work, audiovisual work, translation, compilation test, atlas, text etc.)
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• TRADE SECRETS

• The Uniform Trade Secrets Act defines a trade secret as information, including formula, pattern, compilation, program, device, method, technique, or process that:
  - (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
Trade Secret Misappropriation

- The wrongful acquisition, disclosure or use of a trade secret. It is defined as (a) acquiring trade secret through improper means or from another person knowing that the person acquired the secret by improper means or (b) disclosing or using the secret without consent when the circumstances create a duty not to disclose or use it. Under the Act, such circumstances exist when the trade secret has been acquired:
  - improperly;
  - under an obligation not to disclose or use it;
  - from someone who had an obligation not to disclose it; or
  - by accident or mistake, for example, through misdirected email or facsimile transmission, if before using or disclosing the trade secret the person who acquired it learns that it is trade secret.
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TRADE SECRETS

- Advantages
  - no public disclosure
  - potentially lasts forever
  - Inexpensive

- Disadvantages
  - complete loss of rights by disclosure, even if inadvertent
  - if not first to invent, can be patented by others
  - difficult to provide adequate confidentiality over time
Definition: a right, limited in duration, to prevent others from using, making, selling, offering to sell or importing an invention defined by the claims.
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UTILITY PATENTS

- Term is 20 years from date of filing
- Patent issues approx. 2-3 years after filing - formal examination process
- Utility patents cover utilitarian/useful aspects of an invention
- Patents can be held invalid later if challenged in court or if challenged administratively in Patent Office
- Patentable Subject Matter: must be (1) Useful (2) Novel and (3) Not Obvious
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Design Patents

- Covers the *ornamental* design of an article of manufacture (includes most tangible objects that are man made)
- Valid for 14 years from date of issuance
Start up Considerations

• Employment agreements needed for inventions and copyright material:
  – Best practice is all employees should be bound
  – Contractors must be bound by written agreement

• Use of non-disclosure agreements: required for all non-employee transactions if information is to be kept confidential

• Investigate need to license IP prior to product launch; conduct required due diligence investigations
  – Freedom to operate opinions (patents)
  – Trademark searches
  – Use of computer software and required licenses

• Proper marking of patents, copyrights, and registered trademarks
QUESTIONS

THANK YOU