

OWNING INTELLECTUAL CREATIONS:

What You Need to Know about
Copyrights, Trademarks, and Patents

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Disclaimer

- ▣ This presentation contains general information only and should not be used as a substitute for legal advice. Individuals should evaluate their own particular circumstances to determine if the services of a qualified attorney are required. Intellectual property laws change rapidly, and a qualified professional should always be consulted with respect to recent developments.

What is Intellectual Property?

- ▣ Intellectual: Product of the mind.
- ▣ Property: The right to exclude others.
- ▣ Short hand term for patents, copyrights, trademarks, trade secrets, publicity rights, and other **legal rights that relate to creations of the mind.**

Why Should You Care About IP?

- ▣ Intellectual property rights can **increase the value of a company** because they can:
 - maintain profit margins by excluding competitors (copycats, knockoffs, etc.)
 - be sold or licensed for money
 - enhance and preserve the reputation and goodwill of a company
- ▣ Without intellectual property rights, your competitors would be free to copy your creations and innovations, taking away any business advantage you may have

What Do Intellectual Property Rights Protect?

- ▣ All businesses need names or logos to identify and distinguish their goods and services from their competitors' – this is **trademarks** law – preventing confusion about source of products.
- ▣ All businesses generate creative content, such as advertising copy and websites – this is **copyright** law – preventing copying of creative content.
- ▣ Businesses that make, use, sell, or import a new, useful, non-obvious product, process, or design – this is **patent** law – preventing stealing of inventions.

- Almost all businesses have confidential information - this is **trade secrets** law – preventing stealing of secrets.
- Any business that uses a person's identity for commercial purposes needs that person's permission - this is **right of publicity** law.
- Any business that uses someone else's creation (music, text, invention, brand name) needs permission- this is **licensing** law.

COPYRIGHTS ©

- ▣ Copyrights - **original works of authorship fixed in a tangible medium of expression** (e.g., aloha shirt designs, music, movies, plays, sculptures, software, databases, books, photos, T-shirts, jewelry designs, architectural designs, etc.) – 17 U.S.C. § 102(a).

Copyrightable Subject Matter

- ▣ “Original Works of Authorship”
- ▣ **Works that incorporate preexisting material are ©able**
 - ▣ © extends only to the original components of the work. (§ 103)
 - ▣ still need permission of © owner if preexisting work is protected by ©.
- **Independent Parallel Creations are protectable.**
 - ▣ If two ppl create the same work without knowledge of the other, both are entitled to © protection and neither has infringed on the © of the other.
 - ▣ Different from patent law

Copyrightable Subject Matter

- ▣ Original Works of Authorship
 - Literary works
 - Musical works
 - Dramatic works
 - Pantomimes and choreographic work
 - Pictorial graphic and sculptural work
 - Motion pictures and other audio visual works
 - Sound recordings
 - Architectural works
 - “Compilations” and “derivative works”.

Copyrightable Subject Matter

- ▣ “Fixed in a tangible medium of expression”
 - Written, recorded, etc.
 - Transitory expressions, such as live performance or impromptu speeches that are not recorded, are not protectable

▣ © Protection does not extend to

■ Mere ideas – only in the expression of ideas



▪ Marvel has © in the specific plots, text, and images in its Superman comic books and films, but it does not have © rights in the concept of a superhuman hero who battles the forces of evil.

- compilations of information with no creativity (white pages of telephone book)
- formatting
- functional aspects of 3 dimensional objects,
- Or procedures, processes, principles, or discoveries.

How Are © Rights Created?

- ▣ Under the current law (1978-forward), © rights vest in the author or authors **immediately upon creation**. 17 U.S.C. § 201(a).
 - **As soon as works are fixed**
 - **World wide protection** (in all countries that are members of the Berne Convention)
- ▣ You do not need to register or provide a copyright notice on your work(s) in order to have © rights.
- ▣ **HOWEVER** –registration is advisable if you want to enforce your copyright rights
 - **Statutory Damages (30K or 150K) vs. Actual Damages (profits from the infringement).** § 504(c).
 - **A proper © notice defeats a defense of innocent infringement.** § 401(d).

Who Owns the © Rights?

- ▣ **Authors** own © in their works.
- ▣ In the case of a **“work made for hire,”** the employer is deemed to be the author. 17 U.S.C. § 201(b).
 - A work created by an employee acting within the scope of his or her employment. 17 U.S.C. § 101.
 - Work specially commissioned as a part of one of nine statutory categories (motion pictures, translations, compilations, instructional text, tests materials, answer keys, atlas, and supplementary materials – forwards, afterwards, maps, charts, tables, editorial notes) and prepared under a written agreement signed by both parties expressly indicating that the item is “a work for hire”. 17 U.S.C. § 101

- **Independent Contractors own copyright rights to their works, even if you pay them**
 - Independent Contractors are not employees. *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989).
 - Ex. software programmers, web designers, graphic designers.
- **Copyright rights can only be transferred by a written instrument of conveyance (i.e. an assignment). 17 U.S.C. § 204(a).**

Termination of Transfers

17 USC § 203

- ▣ **Authors can terminate transfers and licenses of their copyright rights** executed on or after January 1, 1978, during a five year window **beginning 35 years after the transfer or license**, with advance written notice of 2 -10 years, EXCEPT in the case of a work made for hire
- ▣ the right to terminate cannot be waived in advance or contracted away, but it requires affirmative action on the part of the author or authors.
- ▣ Purpose: Congress felt this provision was necessary because of authors' unequal bargaining positions, resulting in part from not knowing the true value of their works until after they have been exploited.

The Exclusive Rights of © Owners

- ▣ Authors have the exclusive right to right to do, and to authorize others to:
 - **make copies**
 - **distribute copies**
 - **prepare derivative works** (translations, adaptations)
 - **publicly perform the work**
 - **publicly display copies of the work**
 - In the case of sound recordings, to publicly perform the works via digital audio transmission.

© Protection Allows You To:

- ▣ Stop others from engaging in one or more the exclusive rights of © owners (without permission) (making copies, distributing copies, publicly performing, publicly displaying, and or preparing derivative works).
- ▣ P must prove **Substantial Similarity & Access**
 - Parallel independent creations are not actionable
- ▣ A valid copyright registration allows you to opt for statutory damages
 - up to 30K per work; or up to 150K per work for willful infringement.

Digital Millennium Copyright Act (DMCA)

- ▣ Heightens penalties for © infringement on the Internet.
- ▣ Take-down notice – 17 USC § 512(c)
 - requires Internet service providers to take down © works posted on their systems or networks upon receipt of written notice from a © owner in order to avoid liability for © infringement.
- ▣ Anti-circumvention – 17 USC § 1201
 - prohibits circumvention of technology measures intended to control access to © works on the Internet (even if no © infringement occurs).

Federal © Registration

- ▣ File online
- ▣ Cheapest form of IP
- ▣ \$35 filing fee; \$500 attnys' fees/registration
- ▣ Must submit “deposit material” (copies of the work)
- ▣ Takes about 6 months to obtain a registration
- ▣ **Beware**: If you fail to identify the author or authors correctly, fail to submit proper deposit material, fail to correctly identify if the work as a work made for hire, or make other mistakes in your application, **your © registration may be invalid.**

How Long Do Copyright Rights Last?

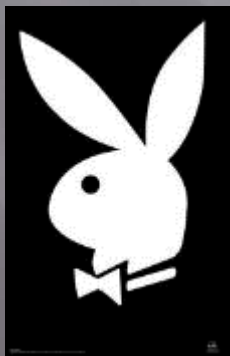
- ▣ Duration – **Life of the author + 70 years.**
 - Pre-1978: one 28 year term of copyright with renewal for another second 67 year term.
- ▣ “Work Made for Hire” or where there is no measuring life – 95 years from its first publication, or 120 years from creation, whichever expires first.

REMEMBER:

- ▣ All © in works created on or after 1978 vest in the author(s) **immediately upon creation**, but federal registration is advisable for enforcement of © rights.
- ▣ Independent Contractors own copyright rights to their works, even if you pay them
 - The only way to transfer those rights is through a written assignment.
- ▣ Copyright rights in “works made for hire” are owned by the employer

TRADEMARKS ®

- ▣ Trademark – a recognizable mark and/or logo that **identifies and distinguishes the origin of products or services from the products or services of others** (e.g. brand names, logos, product configurations, slogans)



Definitions

- ▣ “Trademarks” for goods
- ▣ “Service marks” for services
- ▣ “Trade names” for businesses (dba – doing business as)
 - K & S Hawaiian Creations, Incorporated
dba Honolulu Cookie Company.

Why Are Trademarks Important?

- ▣ A trademark is an asset that allows you to **charge more** than the price of the product you are selling, or service you are providing, based on the reputation or goodwill associated with your mark
- ▣ It is the most valuable type of intellectual property b/c most purchasing decisions are made based on trademarks (i.e. reputation of a brand)
 - Ex. cars, mobile phones, purses, beer , restaurants

- ▣ Every dime spent on advertising is an investment in the trademark
- ▣ Trademark protection **can potentially last forever** – assuming continued use & proper renewals etc.
 - Patents and copyrights expire
- ▣ ® Portfolio can be sold with business, or licensed to others, such as in franchise

Common Law (C/L) Trademark Rights

- ▣ **® Rights are based on USE, not registration**
- ▣ Continuous Use → C/L rights in a mark
- ▣ C/L Rights accrue in the first “senior” user.
- ▣ BUT C/L rights are limited to the area in which the senior user is actually conducting business.
- ▣ Under C/L, there is no way to reserve a mark in advance of actual use

Benefits of Federal Registration

- ▣ Registration gives you **nationwide priority**. (§ 1057(c))
 - Even in places where you aren't using your mark yet
 - You can expand your business as you see fit
 - BUT a **prior senior C/L user can stop you** - limited to their scope of their established geographic market as of the filing date of your ® registration.
 - **You can stop a junior C/L user, but not until you are about to enter into its market.**

Federal Registration

- ▣ ® registration can be used as prima facie evidence of an owner's exclusive right to use a mark in connection with the goods or services listed in the registration.
- ▣ **Incontestable status** (§ 1065)
 - Apply after 5 years of continuous use.
 - **Conclusive** evidence of the owner's exclusive right to use that mark in connection with the goods or services stated in the registration.
 - Your registration cannot be cancelled on the basis of prior use or mere descriptiveness.

Federal Registration

- ▣ **You can reserve a mark ahead of time** by filing an “intent to use” (ITU) trademark application, but your rights are not enforceable until you establish actual use.
- ▣ Your ® registration will block others from obtaining conflicting registrations, instead of having to file oppositions and cancellations.

Types of Trademarks

- Words
- Designs (logos)
- Slogans
- Product Configurations (Coca Cola bottle)
- Color (Brown - UPS)
- Sound (NBC)
- Scent



Not All Trademarks Are Equal

▣ Inherently Distinctive - (Strong)

- Fanciful (coined terms) – EXXON for motor fuels
- Arbitrary (no association) - APPLE for computers
- Suggestive (requires imagination/perception) – IGLOO for coolers
- **Protectable immediately upon showing of actual use**

▣ Descriptive, Laudatory, Surnames (Weak)

- Descriptive – directly describes a characteristic of the product
- HONOLULU MAGAZINE for magazine published in Honolulu
- **Protectable only upon proof of “secondary meaning”** - evidence that consumers recognize the mark as denoting a single source for the product

▣ GENERIC (**You cannot register generic marks**)

- Generic terms for the goods or services (THE SALON for a salon)
- Strong marks can become generic
- Ex. aspirin, nylon, escalator

® Protection gives you the right to:

▣ Likelihood of confusion

- Stop others from using mark that is likely to be confused with your mark based on its similarity in appearance, sound, meaning, and commercial impression, the relatedness of the goods/services to your goods/services., and other factors

▣ Dilution

- Stop others from using a mark that dilutes the distinctiveness, or tarnishes the reputation (via unflattering associations), of your **famous** mark.

▣ Passing Off (C/L)

- Stop others from trying to pass off their goods/services as your goods/services

▣ Unfair Competition (C/L)

- Stop others from using a similar mark a to unfairly compete with you.

Registration & Cost

- ▣ **State registration (DCCA)** - for trademark, service mark or trade name
 - use-based – require specimens & dates of use
 - Filing Fees are minimal (\$25)
 - Only good within the State.
- ▣ **Federal registration (USPTO)** – for trademarks & service marks.
 - Use based applications – specimens & dates of use
 - Intent to Use (ITU) applications – reserve a mark ahead of time if bona fide intent to use, but protection only starts after you show actual use in commerce.
 - \$325 filing fee// \$1,000 per mark, per class of goods (assuming no office action)

Examination

- ▣ File online
- ▣ E searches for prior conflicting marks
- ▣ E examines your mark for descriptiveness/genericness and other problems.
- ▣ E will issue an Office Action refusing registration
- ▣ Applicant must respond with arguments/amendments
- ▣ Publication – Anyone who believes he or she may be damaged has 30 days to oppose
- ▣ Registered or Notice of Allowance (ITU application)
- ▣ Given three years from a Notice of Allowance to establish use of your mark.

Maintenance

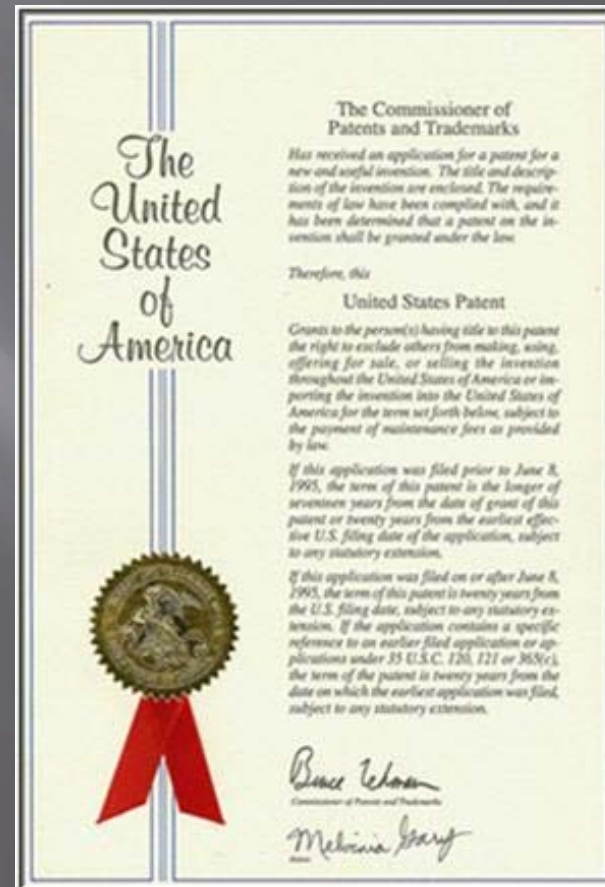
- ▣ **Federal ® rights can last forever (assuming continued use & proper renewals)**
 - 5-6 year – file declaration of continuing use & declaration of incontestability
 - 9-10 year– file declaration of continuing use & renewal application
 - Every 10 years thereafter – file declaration of continuing use & renewal application
 - Must include specimens showing how you are currently using the mark in connection with the goods and services stated in your registration.

REMEMBER

- ▣ ® rights are based on use, not registration
- ▣ Federal Registration gives you:
 - Nationwide priority
 - You can reserve a mark ahead of time (ITU applications)
 - Incontestable status
- ▣ ® rights can potentially last forever

PATENTS

- Patent – right to exclude others from making, using, selling, offering to sell and importing an invention for a limited time period in exchange for full public disclosure of the invention.



Why Get Them?

- ▣ Successful products and processes are copied immediately
 - Smart Phones
 - tablets
- ▣ Patent allows you to charge “excess” profits - “monopoly profits”

Types of Patents

- ▣ **Utility Patents** (protect the way an article works)
 - machines, articles of manufacture, compositions of matter, processes, and improvements thereof
- ▣ **Design Patents** (protect the way an article looks)
 - Ornamental designs for an article of manufacture
 - Design – shape, surface ornamentation, or both
- ▣ **Plant patents** – asexually reproduced plants.

Parts of a Patent

- ▣ Figures
- ▣ Specification
 - Written Enabling Disclosure of the invention
- ▣ **Claims – define the invention and the scope of patent protection**
 - **Each claim is a check list of each element of an invention.**

FIRST TO FILE SYSTEM

- ▣ America Invents Act (AIA) – signed September 16, 2011
 - Largest overhaul of the patent system since 1952
- ▣ First to Invent system → **First to File system.**
 - **If two people invent the same thing, the first person to file wins!**
 - Effective: March 16, 2013

Who Can File for a Patent?

- ▣ Inventor OR a person or entity to whom the inventor is obligated to assign his or her patent rights (eff: 9/16/2012).
 - Invention assignment provisions in employment contracts

What is Patentable?

- ▣ Patentable subject matter includes:
 - “Any new and useful process, machine, article of manufacture, composition of matter, or any new and useful improvement thereof.” 35 USC § 101.
 - BUT, laws of nature, physical phenomena, and abstract ideas are not patentable (e.g. cannot patent gravity or $E=mc^2$)

Requirements for Patentability

- ▣ An invention must be **New, Useful, and Non-obvious** from the Prior Art.
- ▣ Prior Art –
 - all public disclosures dated prior to the application filing date (e.g. all patents, patent applications, journal articles, public uses, public offers for sale ANYWHERE IN THE WORLD) – (eff: 3/16/2013)
 - Or an inventor's own public disclosures (e.g. patents, patent applications, journal articles, public uses in the U.S., and public offers for sale in the U.S) dated more than one year prior to application filing date.

Bars to Patentability

35 USC § 102

- ▣ There are several circumstances in which an inventor will be barred from filing a patent application.
- ▣ 35 U.S.C. § 102(b) - One Year Grace Period Rule
Inventors are given one year from the date of a first public disclosure to file a patent application or they are forever barred.
- ▣ Public Policy: We want inventors to file and disclose their inventions as soon as possible.
- ▣ ONLY APPLIES IN THE U.S. - In most other countries, a public disclosure before filing may forever bar an inventor from obtaining a patent.

EXAMINATION

- ▣ USPTO Examiner (E) must prove unpatentability or allow patent
- ▣ E reviews the claims and finds closest prior art
- ▣ E issues a non-final "office action" rejecting one or more claims in view of the prior art
- ▣ Applicant responds with arguments and/or amendments to claims to avoid the prior art.
- ▣ E reviews response and the application will either be "allowed" or a "final rejection" will be issued.
- ▣ Final rejection are appealable to the Board of Patent Appeals and Interferences.

How Long Does it Take?

- ▣ On average **3+ years** – from filing to issuance.
 - AIA – “Priority Examination”
 - ▣ Pay a fee to get to the front of the line.
 - ▣ Results in 12 months.

DURATION & MAINTENANCE

- ▣ Utility & Plant – 20 years from application filing date
 - Extensions granted for delays caused by the USPTO and other legally required delays (e.g. FDA approval).
- ▣ Design – 15 years from the date of grant (effective May 2015)

Maintenance Fees

- ▣ Maintenance Fees (**for Utility patents only**)
 - Must be paid 3.5, 7.5, and 11.5 years after grant otherwise the patent is cancelled.

COST



- ▣ U.S. Design - \$2,000 to \$5,000 per patent
- ▣ U.S. Utility– \$5,000 to \$15,000+ per patent
 - ▣ Maintenance Fees for a small entity- \$575 (3.5), \$1,450 (7.5), and \$2,405 (11.5)
- ▣ Foreign – at least \$15,000+ + per country per patent plus annual renewal fees.
- ▣ Factors: Complexity of the invention, number of claims, the closeness of the cited prior art, number of amendments made during examination.

BEWARE

- ▣ Most patents are not profitable
- ▣ A patent is only a piece a paper that gives you the right to exclude others from making, using, selling, and importing your invention.
- ▣ Less than 2% of issued patents make any money.
- ▣ 90% of an invention's success is based on its marketing.

How Do You Turn Your Patent Into Profits?

- ▣ Market and sell the product/process yourself (eg. tradeshow, Youtube, websites)
- ▣ Assign (sell) the patent
- ▣ License (permit use) of the patent in exchange for royalty payments
- ▣ Sue others for patent infringement to obtain injunctive relief and/or money damages

REMEMBER

- ▣ First to File System - File early!
- ▣ U.S. has a one year grace period for public disclosures made by an inventor, but no other country in the World has the same grace period.
- ▣ A patent is only a piece of paper.

Trade Secrets

- ▣ Information that (1) derives independent economic value from not being generally known and (2) is the subject of reasonable efforts to maintain secrecy
 - Recipe for Coca-cola or Kentucky Fried Chicken
- ▣ You can protect your trade secrets through nondisclosure agreements and confidentiality agreements

Uniform Trade Secrets Act

HRS § 482B-1 et seq.

- ▣ A court may issue an injunction for actual or threatened misappropriation of a TS
- ▣ Damages (actual loss and unjust enrichment)
- ▣ Attorneys' fees
- ▣ 3 year SOL

Right of Publicity

- ▣ Right to use a person's name, likeness, voice, and other aspects of identity

Right of Publicity

- ▣ Hawaii Statute (HRS § 482P – 1 et seq.)
- ▣ Publicity rights are freely transferable, assignable, and licensable.
- ▣ Infringement can occur whether the use is commercial or not for profit
- ▣ Liability for an infringement is the greater of \$10,000 or actual damages sustained (including profits)
- ▣ Fair Use Defense - for use in connection with cultural, historical, political, religious, educational, newsworthy, or public interest, including without limitation, comment, criticism, satire, and parody relating thereto

Licensing

- ▣ License = Renting
- ▣ Hybrid Licenses – you can license one or more different types of IP rights
- ▣ Guaranteed minimum royalties for exclusive licenses
- ▣ Auditing and inspecting licensee's books
- ▣ Quality control measures for trademarks
- ▣ Products liability insurance
- ▣ Field of use restrictions
- ▣ No challenge clause – not for patents

Some Final Considerations

- ▣ All intellectual property rights are granted on a **country by country basis**, except copyrights and sometimes trade secrets.
- ▣ If your business is successful here, someone in another country will steal your creations and innovations **UNLESS** you protect them in those other countries.
- ▣ **Protect your IP rights EARLY** – in any country where you are manufacturing your goods/inventions, selling your goods/inventions, or offering your services.