ludwig APC

FAQ

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Q1: What is Intellectual Property?

A: Intellectual property comes in many shapes and forms—namely copyright, trademarks, patents, and trade secrets.

- **Copyright** equals some form of creative expression that's fixed in a tangible medium, such as non-open source software code, art, text, books, photos, videos, movies, songs, recordings, drawings, etc. While there is no such thing as 100 percent international copyright protection, the United States and most other countries offer protection according to *international copyright treaties* and conventions. Some 148 countries currently participate, offering certain base levels of protection.
- A **Trademark** is a symbol, word, phrase, sound, color, or other unique identifier of specific goods or services from a specific source.
- **Patents** give an owner the legal right to exclude others from making, using, selling, and importing an invention for a limited period of time, usually in years. They are only applicable in the country in which the patent application was filed and granted, so inventors/companies need to consider applying for patents in other countries where the invention may be sold or manufactured.
- A **Trade Secret** is any confidential, non-public formula, practice, design, method, compilation, device, or other information that has economic value and is used in business.

Q2: What Do I Need to Know About Copyright in the United States?

A: The *US Copyright office* has distinct definitions of what constitutes copyright protection, what is covered, and what isn't.

- US copyright protects original works of authorship fixed in any 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.
- Works of authorship include 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; architectural works; and non-open source software code.
- Copyright does not protect ideas, procedures, processes, systems, methods of operation, concepts, principles, or discoveries, regardless of the form in which it is described, explained, illustrated, or embodied.

A work in the United States is under copyright protection from the moment it is created. Registration is not required to claim ownership, but the work would need to be registered in the United States to bring a lawsuit for infringement.

Businesses would typically want to assert copyright ownership of their websites, marketing and advertising materials, logos, computer programs/non-open source software, articles, and instruction manuals.

Q3: What Do I Need to Know About Trademarks in the United States?

A: While a copyright protects original works of authorship, a trademark protects words, phrases, symbols, or designs.

A trademark is typically a symbol, word, phrase, sound, color, or other unique identifier of specific goods or services from a specific source.

Examples include brand names such as Nike, Samsung, and McDonald's; product names such as Big Mac or Mastercard; or even distinctive shapes such as the Coca-Cola bottle.

Similar to copyright protection in the US, which is applied to a work from the moment it is created, in the United States, businesses and individuals get *automatic trademark rights* when they use their brands. However, with the explosion of e-commerce and global markets, trademark protection has become increasingly important as a way to assert evidence of ownership.

As such, non-US companies, individuals, or entities seeking to do business in the United States need to be aware if the foreign mark they intend to use is potentially in conflict with an existing US trademark or service mark.

One place to start their search is the *United States Patent and Trademark Office* (USPTO), where they can conduct an online search of pending, registered, and dead trademarks using the *Trademark Electronic Search System (TESS)*. While a TESS search that yields no conflicts is not a guarantee your mark will or can be registered, it is a great first indicator.

Ultimately, the determination if a mark can be registered and if it is potentially in conflict with an existing US trademark or service mark is determined by USPTO lawyers. One of the main reasons for registration to be refused is because the mark is likely to cause confusion with an already-registered mark.

Q4: What Do I Need to Know About Trade Secrets in the United States?

A: Trade secrets are a form of intellectual property (IP) that pertains to any confidential, non-public formula, practice, design, method, compilation, device, or other information that has economic value. According to the *USPTO definition of a trade secret*, "it must be used in business, and give an opportunity to obtain an economic advantage over competitors who do not know or use it."

Trade secrets do not require registration and they are protected for an unlimited period of time.

The recipe for Coca-Cola, the Colonel's recipe for KFC chicken, manufacturing techniques, and computer algorithms are examples of trade secrets.

Trade secret owners can prevent people/businesses from copying, using, or benefiting from its trade secrets or disclosing them to others without permission.

One of the keys to maintaining the protection of a trade secret is maintaining secrecy. Trade secret owners must demonstrate a genuine desire to keep the information secret at all times, such as marking certain documents as "confidential." Failure to proactively keep the trade secret can result in others laying claim to it.

Non-US individuals or businesses entering US markets need to be cognizant of the risk of inadvertently disclosing a trade secret by introducing a product/service into the US market that is based upon or includes trade secret material.

Q5: What Do I Need to Know About Patents in the United States?

A: A patent gives its owner the legal right to exclude others from making, using, selling, and importing an invention for a limited period of time, usually in years.

Patents are only applicable in the country in which the patent application was filed and granted, so inventors/companies need to consider applying for patents in other countries where the invention may be sold or manufactured.

The Patent Cooperation Treaty (PCT) offers a level of *patent protection* for inventions in more than 150 nations using just one international application. Essentially, an inventor or company can file an international patent application with one or more contracting states and, once approved, enjoy protection in multiple countries. Of course, to ensure maximum protection, countries doing business in the United States who are concerned about their intellectual property should file with the *United States Patent and Trademark Office* (USPTO).

Q6: I'm thinking of entering the US Market. What should I do?

A: When entering the US market, non-US companies and entrepreneurs need to understand whether and/or how their products or services might infringe upon the intellectual property (IP) rights of those already operating in the United States.

IP relates to copyrights, trademarks, patents, and trade secrets, and violating the IP rights of someone else (or some other entity) could cost you not only thousands of dollars in fines (and possible criminal charges) but could also delay or prevent your entry into the US market. Often entrepreneurs and companies won't even realize they've infringed on someone else's IP.

Anyone engaged in the initial stages of product or process development should perform a *freedom to operate analysis*. Known as an FTO, this assessment determines whether a product, technology, or invention infringes on existing patent claims or another's intellectual property rights in a specific area or country. An FTO goes beyond determining whether or not an idea or process is patentable in the United States. It also checks international records, expired patents, patents pending, competition infringement, government regulations and safety standards, and other areas.

However, an FTO is not a definitive legal "yes" or "no" determination as to whether you have the freedom to operate without fear of IP infringement in the United States. An foreign/overseas company, individual, or entity thinking about entering the United States market, should retain competent US-based legal counsel—someone who can commit to a process of due diligence on behalf of the client and advise on various legal issues, especially in the area of best practices concerning IP laws, patents, trademarks, etc.

Q7: Do the Intellectual Property Protections In My Country Extend to the United States?

A: Companies planning to do business in the United States should study up on international intellectual property (IP) and copyright laws to ensure the protections they've enjoyed in their home countries and regions extend to the United States. In many cases they don't.

Just as a United States patent or trademark offers no protection in other countries, such a designation from other countries carry little weight for foreign companies and individuals bringing their products and ideas to U.S. markets.

Someone planning to do business in U.S. markets needs to ask "Does my intellectual property constitute copyright, trademark, or trade secret material?" If so, he or she then needs to determine if the product or service from a foreign jurisdiction is covered by a foreign patent or a US patent? In most cases, the answer is no.

Individuals or companies entering U.S. markets need to understand what IP of theirs will be placed in U.S markets and how. Only then will they know whether they need to apply for a trademark or patent with the *U.S. Patent and Trademark Office* (USPTO) to protect their invention, creative work, design, or idea . . . or if they need to seek copyright protection.

Q8: I've Received a Cease and Desist Letter – What Should I Do?

A: If you receive a cease and desist letter from the owner of intellectual property (IP) rights in the United States who believe their IP rights have been infringed do NOT ignore it. The ramifications of such legal actions are real, consequential, and can be long-lasting.

If you are the recipient of such a letter, first consider whether the allegations have merit, then depending on your situation, weigh whether engaging in further litigation is the only viable option for you versus some form of settlement. Consider what the goals of litigation would be, What it would cost, the risks, and the benefits. Rather than submit to litigation, consider whether it would be appropriate to retaliate with a *declaratory relief action* request (a situation where a court is asked to determine the rights of parties without ordering anything be done or awarding damages).

In many cases, infringements occur inadvertently or through simple misunderstandings and omission. Whatever the reason, you don't have to go it alone. You can *contact Eric Ludwig* for a consultation to discuss how you might challenge a cease-and-desist letter, jurisdiction claims relating to intellectual property, and the substance of a plaintiff's claims.