What exactly is “intellectual property” or “IP”? Pick up the morning paper and you might find some clues:

**Trump Wants Trademark On “You’re Fired”**

**Court Orders Napster To Shut Down; Music Industry Threatens To Sue Individuals**

**Profits For Drug Manufacturer Drastically Down After Claritin Goes Generic**

**Court Rules ‘Redskins’ Not Offensive; Team Keeps Trademark**

The headlines tell only part of the story. Intellectual property extends far beyond providing interesting dinner conversation about the latest lawsuit over music downloading. Owning, creating and leveraging your intellectual property is rapidly becoming an integral part of any business – especially those in life sciences tasked with creating and bringing to market new and better ways to improve our health and well-being. From copyright and trademark to patents and trade secret, intellectual property rights encourage innovation and promote stability.
Indeed, intellectual property protection is part of the very framework of our society and country. The United States Constitution first granted Congress the power to protect intellectual property in Article I, Section 8, otherwise known as the “patent and copyright clause,” (or sometimes just the “copyright clause”):

The 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 respective Writings and Discoveries.

This primer is designed to introduce you to the basic forms and theories of intellectual property. IP law is constantly changing, with new theories and defenses proposed by courts, legislators, and commentators. This primer will explain the mechanics of the various types of intellectual property within the context of the goals of an intellectual property system and what lawmakers aim to balance when debating new IP rights and remedies.

The Goal Of Intellectual Property: Promoting Innovation

School children learn early that plagiarism is wrong. This simple premise provides the foundation for much of intellectual property law. Society generally believes that it is not right for Bob to take, for his own, an invention, a poem or business goodwill that Mary worked hard to create. The belief is that if Bob could appropriate with impunity Mary’s goodwill and reap the rewards, why would Mary ever work hard to create something new in the future?

Intellectual property law steps in to protect Mary’s legitimate and reasonable rights in her inventions, ideas and goodwill by, for example, giving her a limited monopoly on her creation. Mary can prohibit others from using her creation or license the use of it. These rights aim to promote future innovation by allowing Mary and other creators to recoup their investments in the creative process. Judges, legislators and intellectual property theorists often debate the proper balance of IP, as intellectual property rights may also limit future creation by reducing the raw materials that creators can use. In other words, in some cases, monopolies are discouraged and plagiarism is encouraged because it benefits society. Indeed, many creations are cumulative: that is, the current inventor or author borrows heavily from previous attempts and successful creations. As Sir Isaac Newton said, “If I have seen further, it is by standing on the shoulders of giants.” Many famous novels, movies and songs borrow characters, plots or rhythms from earlier creations. Material that is not granted intellectual property protection, or for which the IP right has expired, is known as the public domain.

IP thus seeks the optimal balance between preserving a large public domain from which future creators can draw, and incentivizing current creation. This balance takes the form of limitations on the property right an IP holder has. For example, the duration of an IP right is
limited in time (patents, for example, expire after 20 years). Conversely, a property right in land generally lasts forever, or until the owner decides to transfer the property. We’ll discuss these limits more in depth as we explain the specifics of various types of intellectual property rights.

Copyright

Copyright is easy to get: once you have created a protectable work, you generally own the copyright without any effort on your part. Copyright is also less powerful than other IP rights, because others can use your copyrighted material if their use qualifies as “fair.” In this section, we’ll explain what qualifies as copyright, the formalities of copyright protection, and what rights you as a copyright holder do have.

The Subject Matter of Copyright: Is My Work Copyrightable?

To be protectable, a work must be an original, fixed, non-functional expression. Books, articles, plays, movies, sound recordings, and art are copyrightable. So is the doodle you scribble on a pad of paper, as well as:

- e-mail messages;
- computer programs (whether in source or object code);
- video games;
- recorded staged professional wrestling matches (and other choreographed performances); and
- architectural design.

These are all examples of fixed, non-functional expressions. To receive copyright protection, the work must also be original.

The originality requirement is two-fold: First, the work must be independently created by the author (as opposed to copied from other works); and Second, the work must possess at least a minimal degree of creativity. The discoverer of a lost Emily Dickinson poem would not hold copyright to it, because he did not create it. The second requirement does not impose a merit test on the potential copyright holder, but rather denies protection to works with no creativity. Telephone books provide the best example. In a famous case, Company A copied listings from Company B’s directory. B’s directory was arranged in the standard alphabetical order, and used phone numbers and street addresses available to anyone. To save time in gathering this data, A copied B’s listings verbatim -- including some dummy listings B put in its directory as a ploy to catch copiers. The Supreme Court held B’s listing uncopyrightable, but explained that the originality requirement will be found in all but “a narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually nonexistent.” Later courts have held yellow pages copyrightable because there is some creativity in what categories to use.

Related to the originality requirement is the notion that only expressions are protected. Ideas, facts, processes, and discoveries are not eligible for copyright, but the manner in which
ideas are expressed or facts compiled may be copyrightable. In 1879, the Supreme Court held that when an idea is taught by a work of authorship that cannot be used without copying some aspect of the work, that particular aspect of the work is not copyrightable. Thus, a particular method of bookkeeping and the blank forms used to illustrate it could not be copyrighted. More than a hundred years later, courts are still trying to find that right balance when faced with litigation over baseball box score forms, legal databases and classifications, and computer operating systems. The functional aspects of a work are also not copyrightable. An ornamental bicycle rack shaped similar to a ribbon, for example, is functional when its aesthetic design is influenced by pragmatic concerns, and thus the ribbon rack is not protected as copyright.

Because facts, ideas and discoveries are not necessarily protected, various groups have asked Congress to enact specific legislation to provide relief against outright copying of that material. For example, several database protection bills have been introduced and debated in Congress, but none has yet to pass. This debate – whether uncopyrightable compilations of facts should be protected – illustrates the tension at the heart of IP law. Under the “sweat of the brow” theory, people who have worked hard at gathering the information and facts deserve the reward of the right to stop others from copying their efforts. This theory hopes to encourage investment in fact and data collection. Other theorists argue that without the originality and expression requirements of copyright, the public domain would shrink drastically, leaving future creators without ideas to build upon.

Finally, to be copyrightable, a work must be fixed. The work must be on paper, saved to a computer drive, sculpted in clay, or otherwise stored in some medium. Therefore, spoken words that are not recorded are not copyrightable. Fixation is not as difficult to achieve as you might think: making a copy into RAM (a computer’s memory), even if only briefly, qualifies as work as fixed. Further, some non-fixed works, such as non-recorded musical performances, receive protection from bootlegging through a specific statutory scheme enacted outside the rubric of the Copyright Act. This type of protection, like the proposed database bills, offers what’s called sui generis protection: the IP right that attaches is not copyright, but rather stands alone.

Copyright Formalities: How Do I Get Protection?

Once a work meets the above qualifications and is eligible for protection, the law grants copyright protection automatically. No longer is a copyright owner required to register the work with the U.S. Copyright Office or place any kind of notice or statement on the work. You may want to register some works anyway, as registration 1) is required before bringing a lawsuit for infringement against someone; 2) establishes prima facie (or conclusive unless rebutted) evidence in court of the validity of the copyright and of the facts stated in the certificate, if done within five years of creation; and 3) allows a court to award you punitive damages and attorney’s fees, if done within three months of creation or prior to any infringing action. Otherwise only actual damages are available.
You can register copyrighted material easily, without the assistance of a lawyer. Detailed instructions are available at [www.copyright.gov/register](http://www.copyright.gov/register). Basically, all you need to do is fill out the form reproduced on the left and send it, a copy of your work, and $30 to the government.

Works made for hire or authored by more than a single individual, or works that include elements of works that have been published before, use a slightly longer form.

### Rights and Remedies: What can I do with my Copyright?

Copyright law grants to owners a set of exclusive rights for a limited, but lengthy, time period. These exclusive rights include the right to make and distribute copies of the work, the right to make derivatives, and the right to make public performances and displays. If someone else exercises these rights without the copyright owner’s permission, they may be liable for infringement. A copyright owner must prove 1) ownership of a valid copyright; and 2) copying of the constituent elements of the work that are original. Additionally, the copyright owner must rebut or defend against any defenses the potential infringer has.

#### Ownership of a Valid Copyright

Just because a work is registered with the Copyright Office does not mean a court will hold the copyright valid. If a copyright holder brings an infringement suit, the court first decides whether the copyright is valid; that is, whether it is an original, non-functional, fixed, expression.

Additionally, you must own the copyright (or some of the rights) to bring an infringement action. A work made for hire is actually owned by the employer, not the creator. Employees and

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independent contractors may not own the copyrights to works they create if another party has hired that person under appropriate circumstances. First, if an employee creates a work as part of his employment, then the work is a work for hire. Second, a commissioning party may own a work created by an independent contractor if they have a written, signed agreement, and the work falls into one of several broad categories set forth in the statute. The application of “work made for hire” is often neither clear nor easy.

Independent contractors may often own the copyright initially and then assign it to a person commissioning the work immediately as part of a contract. Different rights attach, depending on whether the work is a work for hire or merely assigned to the commissioning party. Copyright owners can also license the work. Licensing allows the copyright owner to keep all rights except for the limited rights conveyed in the license.

Licensing agreements can be powerful tools. The open-source software movement has flourished with strong licensing agreements that typically prevent users of the first work from taking any modifications private. The idea of open-source software is that programmers should have free access to the source code used in software. With this access, programmers can fix bugs, share ideas, or adapt the software to individual needs. Open-source software is licensed under a number of different arrangements, but most licenses require the user of the original source code to make any modifications publicly available, in exchange for use of the previously developed work. Open source success stories such as LINUX give fodder to those who argue that copyright protection is not necessary for economic success.

Copying of the Constituent Elements

After establishing that you own a valid copyright that is not made for hire, assigned or licensed with restrictions, the next step to proving infringement is to show unlawful copying of the constituent elements. If two people make the exact same work, without ever having access to the other’s work, each is entitled to copyright protection. That is, independent production of the same material is not infringement; there must be copying of the constituent elements. To prove infringement, however, circumstantial evidence generally suffices. For example, if the infringer has access to the material and the works are similar, a court may infer that the infringer copied the material. Sometimes the similarity between the two works is so striking that a court will infer copying, even without specific evidence of access.

The infringer must have done more than copy the material – the copying must amount to an unlawful appropriation. Courts have struggled to articulate tests to determine whether a defendant has improperly appropriated copyrighted elements of a plaintiff’s work. In many litigated cases, a defendant copies the plaintiff’s uncopyrightable idea, and the court must thus determine whether the defendant also appropriated the plaintiff’s protected expression of that idea. Courts do not use bright-line rules to make these decisions, but rather compare facts of the case before them to previous decisions and precedents.

Fair Use

The exclusive rights granted to a copyright owner are subject to numerous statutory exceptions or “limitations.” The best known of those exceptions is “fair use,” which generally
allows the public to make limited uses of a copyrighted work, most often in the context of education, research, or news reporting. Economically-driven uses will likely be deemed not fair, as courts consider both the purpose of use and the potential effect of the use on the market for or value of the copyrighted work. Among the uses courts have deemed fair include: a rap parody of the “Pretty Woman” song; a parody of “Gone with the Wind” told from the perspective of a slave; and publication of critical studies that containing excerpts of works owned by others.

**Duration of the Copyright**

In general, copyrighted works created today have protection for the life of the author plus seventy years. In the case of a “work made for hire,” the copyright lasts for ninety-five years from publication of the work, or one hundred twenty years from its creation, whichever expires first. Congress can also extend the copyright of works that already have protection. In 1998, Congress passed the Sonny Bono Copyright Term Extension Act to extend copyright terms by twenty years. The Act, often dubbed the Mickey Mouse Act because it was passed just before many Disney creations were set to enter to the public domain, set off a firestorm of controversy. Without this protection, classics such as *The Great Gatsby*, *The Wizard of Oz*, and George Gershwin’s “Rhapsody in Blue” would have soon entered the public domain. Now, these works have another twenty years of a legally-protected monopoly right. Critics charged that the Constitution’s requirement that copyright exist only for “limited times” was a nullity if Congress could continually extend copyright terms. In 2003, however, the Supreme Court ruled the Act constitutional and deferred to Congress’ judgment.

**Patent Law**

Patent law gives certain inventors powerful rights and a limited legal monopoly. In part, these rights serve to reward effort and promote invention. Our patent system also functions, thus, as a *prospecting system*. Because the scope of the patent right is often larger than a simple reward for invention, and because a reward system need not have such competition, patent law allows firms to “prospect” certain ideas and coordinate development efforts accordingly. In short, patent law is not as simple as “build a new invention, patent it, and sell it.” A single pharmaceutical drug may be the product of hundreds, even thousands, of patents. Companies today use patents as leverage in negotiations, as a defense against a potential infringement action, or simply as a signaling device.

**So I’ve got this living thing. Does patent law cover that type of subject matter?**

Nearly 25 years ago, the Chief Justice Burger of the United States Supreme Court famously noted that patentable subject matter includes “anything under the sun that is made by man.” Since then, patents have covered a wide range of subject matter, including live organisms, genes and proteins. Similarly, business methods and mathematical algorithms are now patentable. Only recently have courts held these types of patents valid. Thus, your method of doing business, performing surgery, or implementing data may not only give you a competitive
advantage in the marketplace, but also give you the ability to earn licensing revenues if you patent the idea. Conversely, laws of nature (such as Einstein’s e=mc^2 equation), abstract ideas, and physical phenomena are not patentable. A new mineral discovered from in the ground is not patentable, but a synthetic process to make a new mineral, bacteria or other living thing would be.

Controversy erupted in the 1990s when scientists started filing applications for bits of human DNA gene sequences, often without knowing the gene’s function. Critics argued that allowing DNA sequences to be patented would hinder further gene research, while others charged that it was wrong to allow private ownership of tiny fragments of a human body. Since the early ‘90s, the USPTO (the United States Patent and Trademark Office) has tightened its requirements for patentability, but more than a thousand gene patents have issued and hundreds of thousands of applications have been filed. The debates over DNA patentability, testing and screening are not likely to go away any time soon.

So how does this affect you? First, recognize that a naturally-occurring phenomena may indeed be patentable. If you discover or slightly modify something in nature, you may be able to patent it. Also, specialized provisions in the U.S. Patent Act apply to plant varieties and designs, so working on genetic mutations of plants may entitle you to own a new species. Your best bet if you have found, created or worked on something valuable in nature is to contact a patent attorney who can do specialized research on the type of organism, product or method you’ve discovered, and advise you of its patentability.

So I’ve created this thing that is of patentable subject matter. Can I patent it?

For a work to be patentable, it must meet these three qualifications:

- The work must be “novel.” This requirement generally means that the creation must be new, not only to the inventor but also the larger world. If an investigation of prior art reveals that someone else already had created the same or a similar work, the patent may be denied.
- The invention must be “useful.” Patents are not allowed for fanciful creativity, but instead for creativity that has some practicable application. In the biotechnology area, some courts have interpreted this provision of the patent code to require a process to have a beneficial pharmacological effect. This area of the law is constantly changing, so again, contact an attorney for specific advice on what is deemed useful.
- The invention must be “non-obvious.” A patent may be denied if the invention was of such a low order of creativity that it would have been obvious to someone skilled in the relevant trade.

So it meets the requirements. What do I do now?

Again, contact a patent attorney, who will guide you through the patent application process. The process of applying for a patent can be enormously complicated, routinely costs thousands of dollars, and typically takes up to three years or more. If the U.S. Patent and
Trademark Office (USPTO) approves the patent, protection generally lasts for a term of twenty years from the date of the original application.

Patent applications consist of claims, or what the inventor seeks to protect, and a written description of the invention. Often, drawings, models or specimens of ingredients will also be required to submit to the USPTO for inspection. Finally, the USPTO requires an inventor submit a preferred embodiment, or best mode, to the invention. Below we’ve included the first page of an issued patent so you can see what a fairly simple one looks like.

The written description requirement shows the patent office that you did indeed invent what you have claimed. Courts also allow deposits of biological samples to meet this requirement. An example of what will not suffice comes from a company who described a single genus, which could include thousands of chemical compounds, to claim one of those thousand compounds. Within the written description and the drawings provided, an application must also enable others skilled in the art to make or utilize the invention. In exchange for monopoly protection for twenty years, patent holders must disclose the ins, outs and other features of their inventions. After the patent expires, anyone is free to take the specification and make a generic replica of the invention. The enablement requirement also prevents inventors from claiming too broadly.

What an inventor claims is the heart of the patent. The invention is not what is patented; the claims are. Patent drafters try to claim as much as possible, as broader claims give the owner more rights and prevent others from designing around a patent. Broad claims, however, also face more obstacles in getting patented, as they may not be novel or non-obvious. Many patents start with broader claims, and then use dependent claims to narrow previous claims.

So now I’ve got a patent. What do I do with it?

Only individuals can be an “inventor” and be issued a patent, but anyone can own a patent. Thus, most patents are issued to the individual inventor(s), and simultaneously assigned to a company, usually the inventor’s employer. Patents may also be assigned after issued. For example, an part-time inventor working in his garage may discover a great invention, but not be able to market or produce large quantities of the product. He may thus prefer to assign his invention to a large company for a one-time fee, plus a percentage of profits known as a royalty.

Companies use patents for numerous purposes. The most obvious example comes when a competitor infringes the patent. Suppose Matt and his company, ACME Biotech Inc., create a novel and non-obvious medical device, obtain a patent on the device, and manufacture the device. If another company, Biotech ‘R Us, makes, uses or sells a medical device just like the one patented by ACME Biotech Inc., Matt’s company can sue this other company for patent infringement. Assuming the patent is valid and Biotech ‘R Us does not have any defenses to its use, a court may enjoin her from using the patented technology in the future. This is also known as an injunction. A court may also award ACME Biotech Inc. damages, such as lost profits, or, at a minimum, a reasonable royalty. If Biotech ‘R Us’s infringement is found to be willful, it may also be forced to pay treble damages, or three times the amount of damages ACME Biotech Inc. suffered as a result of the infringement, as well as ACME’s attorneys’ fees. As a practical matter, therefore: To avoid the potential for patent infringement, the best tactic is to consult a patent
attorney early in the process of your development of the competitive product and obtain a clearance opinion (or “freedom to operate”) that provides that your manufacture, use or sale of the competitive product is not likely to infringe another’s patent.

Of course, Biotech ‘R Us can avoid infringing the ACME Biotech patent altogether by licensing it from ACME. A patent license allows the licensee to use the patent for a fee. Firms such as Qualcomm, the inventors of standards for wireless telephones, make nearly all of their profits from patent licenses, without producing any tangible products.

Companies also use patents defensively. Because so many products are the result of so many patents, one company may patent a process it has created solely to use it as leverage if it is ever sued by another company for infringement. Research tools and methods can be patented, so this firm may use its own patented process as a negotiating tool to be able to use another firm’s patented process. Many industries use patent pools as a way to avoid these lawsuits or complex licensing negotiations. In a patent pool, a group of companies agree to pool their patents to make an end-product. Suppose Curt and his company own patents A, B, and C; Lauren and her company own D, E and F; and Mike and his company own G, H, and I. If patents A-I are all necessary to make a new audio-visual device, no one could make the device without infringing someone else’s patent. Thus, in a patent pool, Curt, Lauren, and Mike agree either not to sue each other for infringement (and pursue the product independently of each other), or license their patents together to a separate company. These arrangements must be carefully drafted so as to avoid violating antitrust laws, so remember to consult an attorney before pursuing a patent pool.

You can search patent applications and issued patents for subject matter, inventor locale, and other criteria online at http://www.uspto.gov/patft/index.html. For example, a search for inventors from Indiana turns up 39,130 patents issued since 1976!

Trade Secrets

A trade secret is information that has economic value because it is kept secret. Common examples include customer lists, manufacturing methods, and chemical formulas. The recipe to make Coca-Cola is a trade secret, for example. By keeping its formula secret, Coke has avoided disclosing its recipe, something it would have been forced to do had it patented the formula.

Trade secret law does not grant the holder of the secret an exclusive right to use the information. Rather, trade secret law protects against wrongful access to that information. The trade secret owner must take reasonable precautions to keep the information secret and private, and his only remedy comes against those who improperly acquire, use or disclose the information, such as a former employee.

Basic Requirements

For information to be protectable as a trade secret, it must meet the following criteria:

- the information must be used in one’s business (some courts require continuous use)
• the information must have economic value or give the holder a competitive advantage
• the economic value must stem from the information’s “not being generally known”
• the information must not be “readily ascertainable” by others

Use In Business

Some courts require the secret information be continuously used in business. In a jurisdiction following this view, one shot information does not qualify for trade secret protection. Examples of one shot information include: rollout dates for new products; and terms of secret contracts or bids. Examples of continuously used information include: manufacturing processes and customer lists.

Many states, including Indiana, have adopted a version of the Uniform Trade Secrets Act (UTSA), a model code aimed at unifying the legal principles of trade secret. The UTSA only requires that the information have “economic value,” and thus one shot information can be protected as a trade secret.

Economic Value or a Competitive Advantage

Again, different jurisdictions have different rules about this requirement. The UTSA’s requirement of “economic value” gives substantial room to include nearly any type of business-related information as a trade secret. Other courts, however, have required that the secret information give the business an “opportunity to obtain an advantage over competitors who do not know or use” the information. This is known as the Restatement view. In jurisdictions following the USTA, information that any class of users could exploit, or even information that is negative (for example, expensive research finding that a process does not work), may be protected. Jurisdictions following the Restatement view would not take such an expansive view of what is a protectable trade secret.

Value Stems From Being Not Generally Known

Information is valuable. Information about legal concepts, for instance, can help businesses know how to protect their assets. This type of information, however, is generally known to people in the legal profession. Thus, it is not protectable as a trade secret. Similarly, the standard method to manufacture steel is economically valuable, because a steelmaker uses it every day. This method is not protectable as a trade secret if others know it. Likewise, customer lists that are taken out of the phone book are not trade secrets. Only the specialized, secret knowledge that went into making a list of specific contacts will qualify the list for protection.

Not Readily Ascertainable: How Reasonable Are The Security Measures?

To be protected as a trade secret, the information must not be readily ascertainable by others. The law thus requires the owner of a trade secret to undertake reasonable efforts to maintain the information’s secrecy. The USTA advises that reasonable efforts could include: “advising employees of the existence of a trade secret, limiting access to a trade secret on ‘need to know basis,’ and controlling plant access.” Similarly, information on computer networks must
be protected by physical and coded barriers to access. On a grander level, businesses implementing an overall security program designed to keep information secret receive more favorable treatment from many courts. Of course, these programs impose costs on the business, and may even foster a negative attitude among workers. These costs should be taken into account when deciding whether to pursue trade secret or patent protection of information.

**Common Lawsuits**

Many trade secret lawsuits involve former employees. A business may sue an employee after the employee left to work for a competitor, for example. To win, the business must prove that the employee took valuable information that was protected as a trade secret and that the employee had a duty of confidentiality. Other times the business may sue the competitor directly for “stealing” its employees, who then disclose a trade secret. A business may also sue a competitor for obtaining information through improper means such as deceit or unauthorized access to a computer network.

**Remedies**

As in patent cases, a victor in a trade secret lawsuit may be awarded damages or injunctive relief. Unlike patent cases, a trade secret holder does not sue for infringement. The cause of action is called *misappropriation*, and requires improper gaining or exploiting the trade secret. Bribing an employee to tell a trade secret is a flagrant violation, but a company may also be liable for misappropriation for simply using information it knows is protected as a trade secret, if it was disclosed to them improperly.

In 1996, Congress enacted the Economic Espionage Act. This legislation does not give individuals a private cause of action, but it does allow the federal government to prosecute people for stealing or utilizing certain types of trade secrets. This Act criminalizes this type of activity, and also authorizes the U.S. government to institute civil proceedings to enjoin any violations of the statute.

Businesses may often have a choice between keeping information private and getting trade secret protection, or receiving the broader protections of the patent system by filing a patent application. The differences are charted below:

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<th>Trade Secrets</th>
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<td>Exclusive right to use, license, or make patented good for 20 years from application for the patent.</td>
<td>Indefinite protection, as long as information remains secret. Will cease to exist if information is reverse engineered, discovered by mistake, or developed by a third party.</td>
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<tr>
<td>Must be novel, useful, and nonobvious.</td>
<td>Can include compilations, lists, and other ideas. Does not include information that would be observable by others, such as product design.</td>
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<tr>
<td>Must apply to have a patent.</td>
<td>No registration or deadlines, but must institute measures to keep the information secret.</td>
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Trademarks

Trademark law helps identify the source of a product, in large part to prevent consumer confusion. Trademarks quickly and easily assure customers that the products are what the consumer believes. Consumers can rely on past experiences with the product, and need not test the product anew. Trademark law also aims to promote quality products, by allowing producers to benefit from the reputational rewards of a desirable product.

Trademark law encompasses much more than famous symbols and slogans that are registered with the United States Patent and Trademark Office (USPTO). The USPTO will register many types of marks, and other marks can be registered in state agencies. Further, state common law provides a cause of action for even more protection. Product packaging, a recognizable color, or even the “look and feel” of something can all qualify for protection. To a certain extent, you have limited rights merely by placing a mark in commerce. Before you invest a substantial amount of money in a new product launch, however, you may wish to file for registration with the USPTO, which requires only intent to use in commerce. Filing a trademark application does require serious attention to legal and business concerns, but it is ordinarily neither as complicated nor as expensive as filing a patent application. The symbol ™ actually does not signify registration with the USPTO and confers no extra rights or privileges. Registration with the PTO confers substantial protection in all 50 states, and allows trademark owners to place the ® symbol near the mark. As long as a trademark owner renews the right, the trademark will last as long as the mark is used to identify the source of the good.

Trademarks bring powerful rights. At a minimum, trademark owners have the right to prevent other persons and businesses from using similar marks in a manner that might be confusing to consumers. Say Hilary owns the mark “Pouring Rain Window Cleaners,” and Lauren opens “Pouring Rain Car Washes.” Consumers may associate Pouring Rain Car Washes with Hilary’s store, so Hilary can likely enjoin Lauren’s use of the mark and seek damages. Similarly, if Brad starts a service called “Pounding Rain Window Cleaners,” Hilary can likely prove that consumers are likely to confuse her service with Brad’s, despite their different names, and enjoin his use and win damages.

The rights of owners are also sometimes limited to the market in which the owner is doing business; that market may be defined both geographically and with respect to the product market. Therefore, despite obvious similarity of names, Lexus automobiles and the Lexis database may co-exist, as can V8 car engines and V8 vegetable juice. Consumers are unlikely to confuse the car engine with the vegetable juice or attribute the legal database’s goodwill with the car maker. Some products, however, are so famous that a similar mark, even without consumer confusion, may dilute the famous mark. If “Rolex” chewing gum became available, it would...
dilute the strength of the “Rolex” watch mark. Federal law thus provides a cause of action to protect these famous marks, even without consumer confusion. This burgeoning field of trademark law – called *dilution* – is hotly debated and frequently litigated.

The USPTO will only protect *distinctive* marks, measured by the mark’s ability to identify the source of the product. Choosing an *arbitrary* or *fanciful* mark is the easiest way for a mark to be distinctive and get trademark protection. Arbitrary marks have no relation to the product, such as “Apple” for computers or “Blue Diamond” for almonds. Consumers looking at the can of nuts at the right will not think the almonds are blue or shaped like a diamond; they will associate “Blue Diamond” with the source of the almonds, rather than a characteristic of the product. Fanciful marks are made-up or archaic words and also serve only a source-indicating function.

Suggestive marks *suggest*, but do not *describe* characteristics of a product. Unlike an arbitrary mark, there is a link between the product and the symbol. A suggestive mark requires the consumer to infer something about the product. This inference distinguishes suggestive marks from descriptive ones. Courts weigh several factors in deciding whether a mark is suggestive or descriptive, and there is no bright-line rule. A few examples may help explain the difference. “Liquid Paper” is suggestive of correction fluid. Likewise, “Coppertone” suggests suntan lotion, and “Roach Motel” suggests an insect trap. Even “Greyhound” is a suggestive mark, as a consumer may think about speed and racing dogs, but not bus transportation. These marks require some consumer imagination.

Descriptive marks differ from suggestive marks in that they merely describe the product or a characteristic of it. Descriptive marks are not protected unless the mark acquires *secondary meaning*, or consumers identify the source of the product rather than the product itself when they hear the mark. Coca-Cola is an example of a descriptive mark that has acquired secondary meaning. In the 19th century, Coca-Cola was descriptive of a drink that derived from a coca plant and cola nuts. After advertising and product development, Coca-Cola acquired a secondary meaning: Coca-Cola served to represent the source of the beverage, or who made it.

*Merely descriptive* marks are not eligible for trademark protection. These are marks that describe the good and have not acquired secondary meaning. It does not matter what the mark describes to disqualify it for protection without secondary meaning: it can be an ingredient, quality, characteristic, function, feature, purpose or use of the specified good. The USPTO cautions that each case presents different factual situations, so it may be worth trying to register a mark you think is merely descriptive. You can *disclaim* part of the mark if part of it is unregisterable, and register only the mark as a whole. For example, Union Federal Bank registered the trademark “Union Federal” but disclaimed the use of “federal” apart from its use as part of Union Federal Bank.

Finally, *generic* marks are ineligible for protection. Some products have more than one generic term (pop or soda, car or auto), but generally speaking a generic term is one, without which, you would have a hard time describing the product. When a name brand becomes so common it represents the only way to discuss a particular thing, it loses its trademark. Lawyers call this *genericide*. Aspirin, cellophane, zipper and linoleum used to have trademarks before they lost their marks to genericide. Often, companies with products on the verge of losing a
trademark will undertake massive efforts to avoid this fate. Thus, Xerox tells you to make a photocopy, Kleenex urges you to grab a tissue, and Vaseline explains that you are using its petroleum jelly.

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**More protection ... less protection**

Trademark law protects more than just brand names, logos and slogans. Federal law provides a cause of action for *trade dress*, which need not be registered to receive protection. Trade dress protects the “look and feel” of a product, but does not protect functional aspects of a product. In other words, it protects the arrangement of the identifying characteristic or decoration. For example, a Mexican restaurant’s exterior may be protectable as trade dress if it is distinctive and serves to identify the restaurant.

Trade dress may also be useful in protecting an item that was once patented. The Supreme Court has recently clamped down on this type of trade dress, but it is important to remember that you do have other possible avenues of intellectual property after a patent expires. IP rights often intertwine, and an attorney can give you more detailed advice about how the variations work in your particular situation.
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