



eGuide

Choose the Right Legal Protection for Your Creative Work

by Attorneys Stephen Elias & Richard Stim

March 2001



This product is adapted from *Patent, Copyright & Trademark* (Nolo).

Keeping Up-to-Date

We are always updating our products to make sure they are current on laws and procedure. You should check back at www.nolo.com/update or call our customer service line at 800-992-6656 for new information that could affect this product. You can also register for our monthly update service by following this link to [NoloBriefs](#).

Edition: 2.0

Editor Richard Stim

Production André Zivkovich

Josh Silvermoon

Jeff Brascher

ISBN: 0-873337-694-3

Choose the Right Legal Protection for Your Creative Work © Copyright 2001 by Nolo.com. ALL RIGHTS RESERVED. This product is sold for personal use. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission. For sales and licensing information please contact the sales department at 800-955-4775, Nolo.com, 950 Parker St., Berkeley, CA 94710.

An Important Message to Our Readers

This product provides information and general advice about the law. But laws and procedures change frequently, and they can be interpreted differently by different people. For specific advice geared to your situation, consult an expert. No book, software or other published material is a substitute for personalized advice from a knowledgeable lawyer licensed to practice law in your state.

Contents

Introduction	4
Part I: Trade Secret Law	19
Part II: Copyright Law	24
Part III: Patent Law	32
Part IV: Trademark Law	40

Introduction

A. How Intellectual Property Law Works	5
1. Types of intellectual property laws	6
2. Unfair competition laws	7
3. International laws	8
4. Intersection of intellectual property laws	8
B. How to Use This Guide	10
1. What legal rights apply to your creative work?	10
2. Use of intellectual property laws chart	11
C. More Self-Help Intellectual Property Resources	12

In simple terms, intellectual property is a product of the human intellect that has commercial value. Intellectual property encompasses a wide range of creations—from fiction, poetry, songs, designs and artwork to ads, product names, mechanical inventions, processes, chemical formulas, machines and software.

The commercial value of intellectual property comes from its owner’s ability to control its use. If the owner could not legally require payment in exchange for use, ownership would have intellectual worth but no commercial value.

EXAMPLE 1: Jayna writes a novel about romance in cyberspace. As the author/owner, she has the legal right to prevent others from reprinting the book, making a movie or creating a television miniseries based on her specific novel. It is this right that can produce Jayna’s revenue: she can sell publishing rights to a publisher, movie rights to a movie producer and television rights to a network in exchange for royalties.

EXAMPLE 2: Todd invents a process for inserting modified genes into cancer cells. He applies for and receives a patent, a monopoly awarded by the federal government that allows Todd to require anyone who wants to use the process to pay him a negotiated license fee. If no one wants to use the process, Todd won’t make any money off it (unless, of course, he uses it in his own gene therapy clinic).

A. How Intellectual Property Law Works

Intellectual property law is an umbrella term for all the statutes, government regulations and court decisions that together determine who owns intellectual property and what rights go along with that ownership. In addition, intellectual property law specifies:

- the conditions under which intellectual property rights may be sold or loaned (licensed) to others for specific purposes
- how to settle contract disputes that arise from intellectual property, marketing activities, and
- how to take advantage of government procedures and programs that establish or enhance protection of intellectual property rights.

Intellectual property law primarily offers protection to intellectual property owners by giving them the right to file a lawsuit asking a court to enforce whatever rights are being transgressed. As a result, intellectual property laws are commonly viewed as “affirmative rights” rather than as “protection.” Noted patent attorney

and author David Pressman suggests thinking of intellectual property laws as tools that can be used when needed, but not as a defensive shield. In other words, intellectual property laws won't prevent someone from stepping on the owner's rights. But the laws do give an owner the ammunition to take a trespasser to court. For example, upon request of the copyright owner, a court will halt unauthorized copying of material protected by the copyright. But if the copyright owner does not sue the copier, no action will be taken and the copier will get away with this illegal behavior.

1. Types of intellectual property laws

Intellectual property law consists of several discrete legal categories. Although these categories can overlap with respect to a particular type of intellectual property, they each have their own characteristics and terminology.

- *Trade secret law* affords the owner of commercial information the right to keep others from using the information if it was improperly disclosed to or acquired by a competitor, the owner took reasonable precautions to keep it secret, and the information provides the owner with a competitive advantage in the marketplace.
- *Copyright law* protects all types of original creative expression, including that produced by authors, composers, artists, designers, programmers and Web page designers. However, copyright law does not protect the ideas and concepts underlying an expressive work; it only protects the literal form the expressive work takes. For example, copyright protects the actual words used to write a novel about life on a submarine where the crew faces almost certain death because of damaged engines. But copyright won't prevent other writers from either writing novels about submarine life or using the same basic plot, as long as they don't copy the first novelist's literal expression. Copyright protection lasts a long time, often 100 years or more.
- *Trademark law* protects the distinctive names, designs, domain names, logos, slogans, symbols, colors, packaging, containers and any other devices that are used by businesses to identify the source of their goods and services, and distinguish them in the marketplace. In the trademark context, distinctive means unique, creative, surprising, or well known through use and marketing activity. Trademark protection can last indefinitely.

- *Patent law* gives the inventor of a new and surprising invention the right to exclusive use of that invention for a limited term. How long the inventor retains the exclusive right depends on the kind of patent. A utility patent (the most common type) goes into effect when issued by the U.S. Patent and Trademark Office and expires a minimum of 17 years after the application for the patent was filed. A design patent (for an inventive but nonfunctional design) lasts 14 years after the date the patent issues. A plant patent expires 20 years from the date the patent was filed.

2. Unfair competition laws

Courts are frequently asked to intervene when one business uses unfair tactics to compete with another. Among the unfair tactics the courts have condemned is a business trying to lure customers away from a competing business by confusing them as to which business or products they are dealing with. The most common way to confuse customers is for one business to market its goods or services under a name or other mark that is confusingly similar to that used by a second business on its goods or services.

Although courts originally decided these types of disputes without the benefit of a legislative enactment, Congress and most state legislatures have now legislated the basic principles developed by the courts to deal with unfair business practices. All together, these court decisions and statutes are termed unfair competition law. And under this body of law, a business may obtain a court order preventing a competitor from engaging in unfair business practices.

Unfair competition is not usually considered a separate branch of intellectual property law, as it targets general business practices rather than intellectual property as such. However, because the use of misleading names and marks to improperly lure customers away from another business is also very much what trademark law is concerned with, the two types of law often overlap.

EXAMPLE: The name used by Joe's Pizza is very ordinary and not distinctive enough to be considered a trademark. If, however, another business opens up down the street under a "Joe's Pizza" sign, the courts may use unfair competition laws to force the second user to modify the name to distinguish it from the first.

3. International laws

Under a variety of treaties, most countries in the world offer protection to U.S. intellectual property used abroad. And under these same treaties, the U.S. protects intellectual property created in these other countries and marketed in the U.S. Several major international treaties—the Berne Convention is the most important—govern rights in copyrights in most countries. International patent rights are broadly recognized under the Paris Convention and the Patent Cooperation Treaty. Trademark owners also have some international rights under the Paris Convention. And trade secrets receive international protection under GATT (General Agreement on Tariffs and Trade).

LEGAL BASIS OF INTELLECTUAL PROPERTY LAWS

The sources of intellectual property laws vary according to the subject matter. Trade secret law derives both from federal and state legislation, and from court cases that have developed their own set of principles used to decide new trade secret cases that come before them (termed the “common law”). Trademark and unfair competition laws originate primarily in both federal and state statutes, but also, especially in the area of unfair competition, come from court decisions that apply principles developed by earlier courts as part of the common law. Copyright and patent laws originate in the U.S. Constitution and are specifically and exclusively implemented by federal statutes. In all these intellectual property areas, court decisions interpreting and enforcing applicable statutes also provide an important source of intellectual property law.

4. Intersection of intellectual property laws

Each category of intellectual property law is aimed at a particular type of intellectual property. However, these laws occasionally intersect with each other with respect to a particular type. Some common examples of this are as follows:

- *Trade secret and copyright.* It is possible to treat a work of expression as a trade secret and still have it protected by copyright up until the time that it is published—that is, distributed to the public on an unrestricted basis. This is because the nature of trade secret law arises from the actions taken by

the owner of the work to keep the work secret for the purpose of getting a jump on competitors, whereas copyright law automatically applies to any work of expression the instant the property becomes fixed in a tangible form. The best example of an intellectual property item that is usually protected by both copyright and trade secret law is the written code underlying most computer software (called source code).

- *Trade secret and patent.* It is possible to pursue a patent application while simultaneously maintaining the invention as a trade secret, at least for the first 18 months of the U.S. patent application process. The U.S. Patent and Trademark Office (PTO) treats applications as confidential until they are published. If the applicant intends to file a patent application abroad, the PTO will publish the application within 18 months of the filing date. This publication effectively ends trade secret protection. If the applicant will not be filing abroad, the trade secret information in the patent application is kept confidential and is only published if the PTO grants the patent. At that point, the applicant gives up trade secret rights in order to obtain patent rights. If the applicant is not filing abroad and the patent application is rejected, the trade secret will remain intact and the competition will not know about the invention.
- *Copyright and trademark.* These laws can apply to the same item. For instance, the expressive artwork in a package design may be protected by copyright while the overall look and feel of the package may be protected as trade dress (a form of trademark). Likewise, an advertisement may include some material covered by copyright (for example, a jingle) and other material covered by trademark (the product or company name). The difference here is that copyright protects the literal expression while trademark protects whatever expression is used to identify the source of the product or service being offered in the marketplace.
- *Patent, copyright and trademark.* Patent law can intersect with copyright and trademark law in the area of product designs that have no particular function—say, jewelry or a toy. The creator of such products may, at least theoretically, be able to invoke any or all of these three approaches to intellectual property protection. (The reason we used the word “theoretically” is that courts always are trying to distinguish between the different forms of intellectual property and are prone to restrict the contexts in which they overlap.)

EXAMPLE: A design patent can issue on the new, unobvious, nonfunctional design of an article of manufacture—for example, stylistic ornamentation added to a pair of eyeglasses. Trademark law may be used to protect the appearance of the ornamentation if it is intended to be—and is—used to distinguish the particular brand of eyeglasses in the marketplace. And copyright law may also be used to protect certain expressive aspects of the design.



B. How to Use This Guide

This guide is separated into four self-contained parts, each of which is targeted to one of the main intellectual property law categories. The four parts are:

Part I: Trade Secret Law

Part II: Copyright Law

Part III: Patent Law

Part IV: Trademark Law

Each part contains a short overview of the category.

1. What legal rights apply to your creative work?

If you are concerned with a creation of your own, you'll first need to know what form (or forms) of intellectual property applies to it in order to get to the right part of this guide. These basic rules should point you in the right direction:

- *Trade secrets* consist of designs, devices, processes, compositions, techniques, formulas, information or recipes that are kept secret by their owner and which give their owner a competitive business advantage. (See Part I: Trade Secret Law.)
- *Copyrights* protect original and tangible forms of expressing creative ideas, but not the ideas themselves. A creative nonfunctional design may be copyrightable. (See Part II: Copyright Law.)

- *Utility patents* apply to new processes, machines, manufactures, compositions of matter, or new uses of any of the above if they are novel, nonobvious and useful. (See Part III: Patent Law.)
- *Design patents* apply to unique and ornamental shapes or designs that are also nonfunctional. (See Part III: Patent Law.)
- *Plant patents* may be issued for any asexually or sexually reproducible plants (such as flowers) that are both novel and unobvious. (See Part III: Patent Law.)
- *Trademarks* apply to marketing devices: the name of a product or service, the name used for a commercial website, or the symbols, logos, shapes, designs, sounds or smells used to identify goods or services in the marketplace. They must be distinctive (memorable) or have become well-known through long use or advertising. (See Part IV: Trademark Law.)
- *Unfair competition* is a legal theory that extends protection to certain kinds of intellectual property when trademark, copyright and patent law don't apply. It applies when one business represents its products or services in a way that confuses customers and stops them from buying from another business. (See Part IV: Trademark Law.)

2. Use of intellectual property laws chart

Below, we've provided a detailed chart to further help you identify the types of law that apply to your creation. The chart lists categories of creations, followed by indications of what sorts of intellectual property laws may apply.



C. More Self-Help Intellectual Property Resources

Although this guide provides a great deal of information about the language and law associated with intellectual property, it cannot possibly provide step-by-step instructions for following various government procedures and programs to protect works of intellectual property.

Fortunately, there are a number of excellent self-help resources if you're interested in intellectual property—whether you're using a lawyer or doing research on your own. At the risk of being accused of shameless marketing, we provide below brief descriptions of resources published by Nolo that provide just this sort of detailed guidance, or visit our website at <http://www.nolo.com>.

- *The Copyright Handbook*, by Stephen Fishman. Official copyright forms and step-by-step instructions take the reader through the process of protecting all kinds of written expression under U.S. and international copyright laws. It provides detailed information on topics such as transfer of copyright ownership, works for hire, fair use and infringement.
- *The Public Domain: How to Find & Use Copyright-Free Writings, Music, Art & More*, by Stephen Fishman, is an authoritative book devoted to what is and is not protected by copyright law. This book is an essential roadmap for determining whether music, writing, artwork and movies are free to use.
- *Copyright Your Software*, by Stephen Fishman. Software developers, programmers, publishers and authors will all benefit from reading this book. It explains everything they need to know about software copyright protection, and provides official copyright forms along with step-by-step instructions.
- *Software Development: A Legal Guide*, by Stephen Fishman. This book covers essential information for anyone in the software industry. Topics include software development and intellectual property laws, legalities of working with independent contractors and employees, publishing agreements and multimedia development. Ready-to-use contracts and agreements are provided on a PC disk.
- *Nolo's Patents for Beginners*, by David Pressman and Richard Stim. This quick and easy guide to patent law sets out the basics for protecting, searching, documenting and registering patentable inventions.
- *Patent It Yourself*, by David Pressman. This definitive guide is highly recommended by patent attorneys, inventors, librarians, journalists and the U.S. Patent and Trademark Office. Patent attorney and former patent examiner David Pressman takes inventors through the entire process—from con-

ducting a patent search to filing a successful application. The book provides all the forms necessary to patent an invention, along with step-by-step instructions.

- *The Patent Drawing Book*, by Jack Lo and David Pressman. This book teaches how to use pen and ink, computerized drawing programs and photography to prepare patent drawings that conform to PTO rules.
- *The Inventor's Notebook*, by Fred Grissom and David Pressman, is an annotated book that can be used by inventors to document their inventions in case they later have to prove that they deserve the patent as the first true inventors. *The Inventor's Notebook* also contains a number of forms and charts from *Patent It Yourself* and information on how to do market research for an invention.
- *Licensing Your Invention*, by Richard Stim, guides the reader through the important process of giving others permission to use, develop and market an invention.
- *Patent Searching Made Easy*, by David Hitchcock, shows how to use the Internet and other free resources to search the U.S. patent database (all patents issued since the beginning of the country). This book is especially intended for creative people who want to quickly find out whether someone has already obtained a patent on their bright idea, and who want to search patents for a particular type of invention to get ideas for possible improvements.
- *Patent It Yourself*, by David Pressman (software). The bestselling book, *Patent It Yourself*, is also available in software for Windows users. The program includes all forms to document and file a patent.
- *Trademark: Legal Care for Your Business and Product Name*, by Stephen Elias. This book shows owners of trademarks and service marks how to choose a distinctive name, conduct a trademark search, register a mark with the U.S. Patent and Trademark Office and protect the mark once it's in use. This book also helps the reader sort out the legalities of trademark conflicts. Step-by-step instructions and official trademark forms are included.
- *Handling Problems with Your Trademark Application*, an eGuide by Patricia Gima and Stephen Elias, provides all the forms and instructions you need to file a trademark application with the U.S. Patent and Trademark Office and take the necessary steps to deal with trademark examiners.

CHOOSE THE RIGHT LEGAL PROTECTION FOR YOUR CREATIVE WORK

- *Domain Names: How to Choose & Protect a Great Name for Your Website*, by Patricia Gima and Stephen Elias, explains how to choose a great domain name that will bring customers to your website and that can be legally protected as a trademark.
- *Getting Permission: How to License and Clear Copyrighted Materials Online and Off*, by Richard Stim spells out how to obtain permission to use art, music, writing or other copyrighted works. It explains who to ask for permission and how much to expect to pay, and includes a wide variety of permission and licensing agreements.

CHOOSE THE RIGHT LEGAL PROTECTION FOR YOUR CREATIVE WORK

GUIDE TO USE OF INTELLECTUAL PROPERTY PROTECTIONS

CREATIVE WORK	APPLICABLE LEGAL RIGHTS					
	Trade Secret	Copyright	Patent	Trademark	Unfair Competition	No Rights
advertisement (billboard, card, flyer, sign)		■		■		
advertising copy		■				
architectural drawings, renderings		■				
arrangement of facts		■				
artwork (see specific entries)		■		■		
biography		■				
biological inventions	■		■			
blueprints		■				
book design				■		
book titles						■
business methods	■		■			
carpet design			■	■		
cartoons		■		■		
characters—animated		■		■		
characters—books						■
characters—comic strips		■		■		
characters—TV or movies				■		
charts		■				
chemical inventions	■		■			
choreographed works		■				
clothing accessories and designs (belt, hats, scarves, suspenders)		■	■	■		
comic strips		■		■		
commercial names				■	■	
computers	■		■			
containers			■	■		
cosmetics	■		■			
databases		■				
decorative hardware			■	■		
design (see specific entries)		■	■	■		
domain names				■		

CHOOSE THE RIGHT LEGAL PROTECTION FOR YOUR CREATIVE WORK

CREATIVE WORK	APPLICABLE LEGAL RIGHTS					
	Trade Secret	Copyright	Patent	Trademark	Unfair Competition	No Rights
drawings		■				
electrical inventions	■		■			
electronic inventions	■		■			
engineering plans		■				
etchings		■		■		
fabric	■		■			
fabric design		■	■	■		
facts						■
flowcharts	■	■				
food inventions	■		■			
forms		■				
formulas—chemical	■		■			
formulas—cosmetic	■		■			
formulas—food	■		■			
furniture design			■	■		
games—board, box and instructions		■	■	■		
hardware			■	■		
housewares			■	■		
ideas by themselves	■					
interior design		■		■		
Internet domain names				■		
jewelry		■	■	■		
labels				■		
landscape designs		■	■			
laser light show	■	■				
law of nature						■
lectures		■				
lithographs		■				
logos				■	■	
machines	■		■			
machines—internal parts	■		■			
magazines		■		■		
magic tricks or techniques	■		■			

CHOOSE THE RIGHT LEGAL PROTECTION FOR YOUR CREATIVE WORK

CREATIVE WORK	APPLICABLE LEGAL RIGHTS					
	Trade Secret	Copyright	Patent	Trademark	Unfair Competition	No Rights
manufacturing process			■			
maps		■				
mathematical algorithms	■					
mechanical inventions	■		■			
medical accessories, devices (splints, braces, supports)		■	■			
method of doing business			■			
movie—film or video		■				
movie—plot (not written)	■					
movie—script	■	■				
movie—treatment	■	■				
murals		■				
musical composition		■				
musical instrument		■	■			
names—business				■	■	
names—entertainer/celebrity				■	■	
names—famous animals				■		
names—product or service				■	■	
odors—new use/process	■		■			
odors—used in marketing				■		
packaging			■	■		
paintings		■				
pamphlets		■				
periodicals		■		■		
photographic processes	■		■			
photographs		■				
plants and plant inventions	■		■			
plays—written or performances		■				
pottery		■		■		
prints		■				
project designs	■	■				
radio programs		■		■		
record books		■				

CHOOSE THE RIGHT LEGAL PROTECTION FOR YOUR CREATIVE WORK

CREATIVE WORK	APPLICABLE LEGAL RIGHTS					
	Trade Secret	Copyright	Patent	Trademark	Unfair Competition	No Rights
recreational gear			■	■		
reproductions		■				
schedules		■				
scientific treatises		■	■			
sculpture		■				
shapes			■	■		
shoes			■	■		
signs		■		■	■	
slogans				■	■	
software	■	■	■			
software titles				■		
songs—jingles for marketing		■		■	■	
songs—not written or recorded	■					
songs—recorded or written		■				
sounds—new ways to make	■		■			
sounds—original sequence		■				
sounds—used in marketing				■	■	
sporting goods—designs		■	■	■		
sporting goods—equipment			■			
stained glass		■				
structural plans		■				
symbols				■	■	
titles—books, plays					■	
titles—magazines				■	■	
titles—movies, songs, TV shows					■	
toys		■	■	■		
translations		■				
videotape		■				
wallpaper design		■				
weavings		■		■		
Web pages		■		■	■	
words by themselves						■
writing—articles, essays, poems, novels, short stories, nonfiction books		■				

Part I: Trade Secret Law

A. What Kind of Information Qualifies as a Trade Secret?	20
B. What Makes Something a Trade Secret?	21
C. How Are Trade Secrets Lost or Stolen?	22
D. May Trade Secrets Be Sold?	22
E. How Is Trade Secret Protection Enforced?	23
F. Trade Secret Resources	23

The most important point to understand about trade secrets is that there is no crisp, clear definition of what they are. Rather, the context in which a dispute over ownership of information arises will determine whether a court will treat the information as a trade secret. As a general rule, information that has commercial value and that has been scrupulously kept confidential will be considered a trade secret; the owner of the information will be entitled to court relief against those who have stolen or divulged it in violation of a duty of trust or a written non-disclosure agreement.

A. What Kind of Information Qualifies as a Trade Secret?

A trade secret may consist of any formula, pattern, physical device, idea, process, compilation of information or other information that both:

- provides the owner of the information with a competitive advantage in the marketplace, and
- is treated in a way that can reasonably be expected to prevent the public or competitors from learning about it, absent improper acquisition or theft.

Trade secrets often comprise customer lists and other sensitive marketing information. Other specific items that may be trade secrets include:

- biological inventions (unpatented)
- business methods
- chemical inventions (unpatented)
- computer hardware
- computer software
- cosmetics
- electrical inventions (unpatented)
- electronic inventions (unpatented)
- fabric
- food inventions
- formulas—chemical
- formulas—cosmetic
- formulas—food
- machines
- machines—internal parts
- magic tricks or techniques
- manufacturing processes
- mechanical inventions
- medical devices—mechanical

- movie plots (not written)
- movies—script
- movies—treatment
- musical composition
- odors/processes
- photographic processes, and
- project designs.

The one element that these items of information have in common is that they have the potential to make money for their owners if they are kept secret from would-be competitors and are used to make money in the marketplace.



B. What Makes Something a Trade Secret?

As mentioned, a trade secret is any information that both benefits a business commercially and is kept a secret. More specifically, when deciding whether something qualifies as a trade secret, courts will typically consider the following factors:

- the extent to which the information is known outside of the particular business entity
- the extent to which the information is known by employees and others involved in the business
- the extent to which measures have been taken to guard the secrecy of the information
- the value of the information to the business, and
- the difficulty with which the information could be properly acquired or independently duplicated by others.

C. How Are Trade Secrets Lost or Stolen?

Information that qualifies as a trade secret is subject to legal protection (against theft and misappropriation) as a form of valuable property—but only if the owner has taken the necessary steps to preserve its secrecy. If the owner has not diligently tried to keep the information secret, courts will usually refuse to extend any help to the trade secret owner if others learn of the information.

Some activities that the courts will commonly treat as trade secret theft—which means the owner will be afforded some judicial relief, such as damages or an order preventing use of the stolen information—are:

- disclosures by key employees (current and former managers, scientists and others occupying positions of trust) in violation of their duty of trust toward their employer
- disclosures by employees (current and former) in violation of a confidentiality agreement entered into with their employer
- disclosures by suppliers, consultants, financial advisors or others who signed nondisclosure agreements with the trade secret owner, promising not to disclose the information
- industrial espionage, and
- disclosures by any person owing an implied duty to the employer not to make such disclosure, such as directors, corporate officers and other high-level salaried employees.

When a disclosure is considered wrongful, the courts may also consider use of the information wrongful and issue an order (injunction) preventing its use for a particular period of time.

D. May Trade Secrets Be Sold?

As with other types of property—such as goods, accounts receivable, patents and trademarks—trade secrets may be sold by one business to another. Most trade secret sales occur as part of the sale of the business owning the trade secret, but that is not mandatory.

E. How Is Trade Secret Protection Enforced?

If the court finds that trade secret theft has occurred, it may issue an order (injunction) requiring all those wrongfully in possession of the information to refrain from using it or disclosing it to others. The court may also award the trade secret owner money damages to compensate for any monetary loss suffered as a result of the theft. In cases involving willful or deliberate theft, the court may also award punitive damages to punish the wrongdoer. Finally, in clear-cut cases, federal and state criminal antitheft laws may be invoked and the trade secret thief subjected to criminal prosecution.

F. Trade Secret Resources

If you're interested in preparing your own trade secret protection contracts, you may want to consult *Nondisclosure Agreements: Protect Your Trade Secrets and More*, by Stephen Fishman and Richard Stim (Nolo) or *Software Development: A Legal Guide*, by Stephen Fishman (Nolo). For sample agreements that preserve trade secrets in materials that are disclosed to potential partners, developers, investors, or other outside people, visit Nolo.com and order the eFormKit titled *Nondisclosure Agreements: Protect Your Great Ideas When You Share Them With Others*, by Stephen Fishman.

You can find valuable information about trade secrets by using the Trade Secret Home Page [<http://www.execpc.com/~mhalign/>]. This site provides discussions of recent developments and general background information on trade secrets. Also visit FindLaw [<http://www.findlaw.com>], a general purpose legal search engine. Click on intellectual property in the topics section of the homepage and then click on the trade secret subcategory when the intellectual property page appears. From there you can find appropriate statutes and discussions of trade secret principles.

Part II: Copyright Law

A. What Is a Copyright?	25
B. How Is a Copyright Created?	26
C. Who Owns a Copyright?	27
D. Can Copyrights Be Divided or Transferred?	27
E. How Long Does Copyright Protection Last?	28
F. What Happens If a Copyright Is Infringed?	29
G. May a Copyrighted Work Legally Be Used Without an Owner's Permission?	29
H. What Laws Cover Copyright Protection in the U.S. and Other Countries?	30
I. Copyright Resources	31

Probably the best known of intellectual property categories, copyright automatically applies to all types of original expression, including art, sculpture, literature, music, songs, choreography, crafts, poetry, flow charts, software, photography, movies, CD-ROMs, video games, videos, websites and graphic designs. The automatic protection can be enhanced by registering the work with the U.S. Copyright Office for a nominal fee.

Copyright lasts for many years. Most often it lasts for the life of the work's creator (its author) plus 70 years. In cases where the creator is a business, the copyright lasts between 95 and 120 years. Although copyright protection is long-lived, it only applies to the literal expression, not to the ideas and concepts underlying that expression.

Most nations of the world offer copyright protection to works by U.S. citizens and nationals, and the U.S. offers its copyright protection to the citizens and nationals of these same nations.

A. What Is a Copyright?

A copyright gives the owner of a creative work the right to keep others from using the work without the owner's permission. The key to understanding copyright law is to understand the difference between an idea and the expression of the idea. Copyright applies only to a particular expression, not to the ideas or facts underlying the expression. For instance, copyright may protect a particular song, novel or computer game about a romance in space, but it cannot protect the underlying idea of having a love affair among the stars.

More specifically, a creative work (often referred to as a "work of authorship") must meet all of these three criteria to be protected by copyright:

- **It must be original.** In other words, the author must have created rather than copied it.
- **It must be fixed in a tangible (concrete) medium of expression.** For example, it might be expressed on paper, audio or video tape, computer disk, clay or canvas.
- **It must have at least some creativity—that is, it must be produced by an exercise of human intellect.** There is no hard and fast rule as to how much creativity is enough. To give an example, it must go beyond the creativity found in the telephone white pages, which involve a non-discretionary alphabetic listing of telephone numbers rather than a creative selection of listings.

B. How Is a Copyright Created?

A creative work is protected by copyright the moment the work assumes a tangible form—which, in copyright circles, is referred to as “fixed in a tangible medium of expression.” Contrary to popular belief, providing a copyright notice and/or registering the work with the U.S. Copyright Office are not necessary to obtain basic copyright protection. But there are some steps that can be taken to enhance the creator’s chances for success if he or she turns to the courts to enforce a copyright:

- *Place a copyright notice on a published work.* The copyright notice, or “copyright bug” as it is sometimes called, commonly appears in this form: “© (year of publication) (author or other basic copyright owner).” By placing this notice on a work that is published (distributed to the public without restriction), the author prevents others from copying the work without permission and claiming that they did not know that the work was covered by copyright. This can be important if the author is forced to file a lawsuit to enforce the copyright, since it is much easier to recover significant money damages from a deliberate (as opposed to innocent) copyright infringer.
- *Register works with the U.S. Copyright Office.* Timely registration of the copyright with the U.S. Copyright Office—that is, registration within three months of the work’s publication date, or before the infringement actually begins—makes it much easier to sue and recover from an infringer. Specifically, timely registration creates a legal presumption that the copyright is valid, and allows the copyright owner to recover up to \$150,000 (and possibly attorney fees) without proving any actual monetary harm. Registration is accomplished by filing a simple form and depositing one or two samples of the work (depending on what it is) with the U.S. Copyright Office. The U.S. Copyright Office registration currently costs \$30 for each work.

C. Who Owns a Copyright?

With three important exceptions, copyrights are owned by the writers, poets, musicians, choreographers, composers, artists, software designers, sculptors, photographers, movie producers, craftspersons and other persons who create them. In the copyright world, these people are all called “authors.”

Now for the exceptions:

- If a work is created by an employee in the course of his or her employment, the work is called a “work made for hire” and the copyright is owned by the employer.
- If the work is commissioned (created by an author working as an independent contractor), and the parties sign a written work made for hire agreement, the copyright will be owned by the commissioning party as long as the work falls within one of the statutory categories of commissioned works that can qualify as works made for hire.
- If the author sells the copyright to someone else, the purchasing person or business owns the copyright.

D. Can Copyrights Be Divided or Transferred?

A copyright actually is a bundle of separate exclusive subrights, including the exclusive right to:

- reproduce the work
- display or perform the work
- distribute the work, and
- prepare adaptations of the work (derivative works).

When a copyright owner wishes to commercially exploit the work covered by the copyright, the owner typically transfers one or more of these rights to the publisher or other entity who will be responsible for getting the work to market. It is also common for the copyright owner to place some limitations on the exclusive rights being transferred. For example, the owner may limit the transfer to a specific period of time, allow the right to be exercised only in a specific part of the country or world, or require that the right be exercised only on certain computer platforms (those with UNIX operating systems, for example).

When all copyright rights are transferred unconditionally, it is generally termed an “assignment.” When only some of the rights associated with the copyright are transferred, it is known as a “license.” An exclusive license exists when the right being licensed can only be exercised by the licensee, and no one else. If the license allows others to exercise the same rights being transferred in the license, the license is said to be non-exclusive.

The U.S. Copyright Office allows buyers of exclusive and non-exclusive copyright rights to record the transfers in the U.S. Copyright Office. This helps to protect the buyers in case the original copyright owner later decides to transfer the same rights to another party.

E. How Long Does Copyright Protection Last?

As a result of the Copyright Extension Act of 1998, most copyrights for works published after January 1, 1978 last for the life of the author plus 70 years. However, in the following circumstances, the copyright lasts between 95 and 120 years, depending on the date the work is published:

- the work belongs to the author's employer under the work made for hire law
- the work was commissioned under a work made for hire agreement (and fits within one of the categories of works that qualify for work made for hire treatment), or
- the author publishes and registers the work anonymously or under a pseudonym.

After a copyright expires, the work goes into the public domain, meaning it becomes available for anyone's use.

For works created before 1978, the duration times are different:

- If the work was published before 1923, it is in the public domain (available for use without permission).
- If the work was published between 1923 and 1963, and not renewed (see duration of copyright), it is in the public domain.
- If the work was published between 1923 and 1963, and it was renewed, the copyright lasts 95 years from the date of first publication.
- If the work was published between 1964 and 1977, the copyright lasts for 95 years from the date of publication.
- If the work was created but not published or registered before 1978, the copyright lasts at least until December 31, 2002, if the work remains unpublished, or until December 31, 2047, if the work is published before December 31, 2002.

F. What Happens If a Copyright Is Infringed?

In the event someone infringes (violates) the exclusive rights of a copyright owner, the owner is entitled to file a lawsuit in federal court asking the court to:

- issue orders (restraining orders and injunctions) to prevent further violations
- award money damages if appropriate, and
- in some circumstances, award attorney fees.

Whether the lawsuit will be effective and whether damages will be awarded depends on whether the alleged infringer can raise one or more legal defenses to the charge. Common legal defenses to copyright infringement are:

- too much time has elapsed between the infringing act and the lawsuit (the statute of limitations defense)
- the infringement is allowed under the fair use defense
- the infringement was innocent (the infringer had no reason to know the work was protected by copyright)
- the infringing work was independently created (that is, it wasn't copied from the original), or
- the copyright owner authorized the use in a license.

G. May a Copyrighted Work Legally Be Used Without an Owner's Permission?

Some uses of a copyrighted work are considered fair use—that is, the use may infringe, but the infringement is excused because the work is being used for a transformative purpose, such as research, scholarship, criticism or journalism. When determining whether an infringement should be excused on the basis of fair use, a court will use several factors including the purpose and character of the use, amount and substantiality of the portion borrowed, and effect of the use on the market for the copyrighted material.

It's important to understand that fair use is a defense rather than an affirmative right. This means that a particular use only gets established as a fair use if the copyright owner decides to file a lawsuit and the court upholds the fair use defense. There is, therefore, no way to find out in advance whether something will or won't be considered a fair use. Of course, if the copyright owner is willing to grant permission for the use, then the uncertainty surrounding the use goes away. For this reason, most people who propose to use a copyrighted work do what they can to obtain permission, and only rely on the fair use defense if permission is not granted or the copyright owner can't be located.

A person who infringes a copyright but has good reason to genuinely believe that the use is a fair use is known as an innocent infringer. Innocent infringers usually don't have to pay any damages to the copyright owner, but do have to cease the infringing activity or pay the owner for the reasonable commercial value of that use.

H. What Laws Cover Copyright Protection in the U.S. and Other Countries?

In the U.S., copyright protection derives from the U.S. Constitution, which requires that original works of authorship be protected by copyright. The current (and exclusive) source of this protection is the federal Copyright Act of 1976, as amended. There are no state copyright laws.

Copyright protection rules are fairly similar worldwide, due to several international copyright treaties, the most important of which is the Berne Convention. Under this treaty, all member countries (in excess of 100 countries, including virtually all industrialized countries) must afford copyright protection to authors who are nationals of any member country. This protection must last for at least the life of the author plus 50 years, and must be automatic without the need for the author to take any legal steps to preserve the copyright.

In addition to the Berne Convention, the GATT (General Agreement on Tariffs and Trade) treaty contains a number of provisions that affect copyright protection in signatory countries. Together, the Berne Copyright Convention and the GATT treaty allow U.S. authors to enforce their copyrights in most industrialized nations, and allow the nationals of those nations to enforce their copyrights in the U.S.

I. Copyright Resources

If you're interested in hands-on, step-by-step instructions on obtaining copyright protection, you may want to consult *The Copyright Handbook*, by Stephen Fishman. A detailed description is provided in the Introduction, Section C.

You can find valuable information about copyright by using any of the following websites:

- 1) <http://www.nolo.com> Nolo.com offers self-help information about a wide variety of legal topics, including copyright law. (See the intellectual property topic in the [Legal Encyclopedia](#).)
- 2) <http://lcweb.loc.gov/copyright> The U.S. Copyright Office offers regulations, guidelines, forms and links to other helpful copyright sites.
- 3) <http://www.findlaw.com> FindLaw is a search engine which offers a comprehensive list of copyright resources on the Web. Click intellectual property under the topic heading on the homepage and click copyright from the subcategory list on the intellectual property page.
- 4) **The Copyright Website** at <http://www.benedict.com>. This site has articles, links and a slick design. Best of all, you can examine actual examples from real cases. Compare *2 Live Crew's* version of *Pretty Woman* to the original or view the allegedly pilfered images used in the movie *The Devil's Advocate*.



Part III: Patent Law

A. What Is a Patent?	33
B. How Do Inventors Benefit by Holding a Patent?	33
C. What Kinds of Patents May Be Issued?	34
D. What Types of Inventions Qualify for a Patent?	34
E. What Is the Procedure for Applying for a Patent?	35
F. What Happens If There Are Multiple Applications for the Same Invention?	36
G. Under What Circumstances Is a Patent Application Approved?	36
H. How Are Patent Rights Enforced?	37
I. When Does a Patent Expire or Otherwise Come to an End?	37
J. What About International Protection for U.S. Patents?	38
K. Patent Resources	39

The basic concept underlying patents is very simple. Patents allow the creator of certain kinds of inventions that contain new ideas to keep others from making commercial use of those ideas without the creator's permission. This right of control over the idea lasts between 14 and 20 years, depending on the type of invention.

A. What Is a Patent?

A patent is a document issued by the U.S. Patent and Trademark Office (PTO) that grants a monopoly for a limited period of time on the use and development of an invention which the PTO finds to qualify for patent protection.

B. How Do Inventors Benefit by Holding a Patent?

Most inventors do not themselves develop the invention covered by a patent. Rather, they make arrangements with an existing company to do this for them. Typically, the arrangement takes the form of a license (contract) under which the developer is authorized to commercially exploit the invention in exchange for paying the patent owner royalties for each invention sold.

A license may be exclusive (only one manufacturer is licensed to develop the invention) or non-exclusive (a number of manufacturers are licensed to develop it). The license may be for the duration of the patent or for a shorter period of time. Sometimes the patent is sold outright to the developer for a lump sum up front.

The developer itself may license other companies to market or distribute the invention. The extent to which the inventor will benefit from these sublicenses depends on the terms of the agreement between the inventor and the developer. Especially when inventions result from work done in the course of employment, the employer-business usually ends up owning the patent rights, and receives all or most of the royalties based on subsequent licensing activity.

These distribution licenses are often limited by geography (for instance, different licenses for different countries or for different parts of one country) and by use. In many cases, the developer will trade licenses with other companies—called cross-licensing—so that companies involved in the trade will benefit from each other's technology.

C. What Kinds of Patents May Be Issued?

The U.S. Patent and Trademark Office (PTO) issues three different kinds of patents:

- *utility patents*. Useful inventions may qualify for a utility patent if they fit into at least one of these five categories: a process, a machine, a manufacture, a composition of matter or an improvement of an existing idea that falls into one of these categories. Often, an invention that qualifies for a patent because of its usefulness will fall into more than one of the categories. For instance, computer software can usually be described both as a process (the steps that it takes to make the computer do something) and as a machine (a device that takes information from an input device and moves it to an output device). Regardless of the number of categories an invention falls under, only one utility patent may be issued on it.
- *design patents*. To qualify for a patent under the design test, a design must be innovative, nonfunctional and part of a functional manufactured article. For example, a new shape for a car fender, bottle or flashlight that doesn't improve its functionality would qualify.
- *plant patents*. Patents may be issued for any asexually or sexually reproducible plants (such as flowers) that are both novel and nonobvious. Plant patents are the least frequently issued type of patent.

D. What Types of Inventions Qualify for a Patent?

Most types of inventions (the term we'll use for innovative ideas) qualify for a patent if they offer something new (are novel) and are particularly clever (that is, nonobvious). However, some types of inventions do not qualify for a patent, no matter how nonobvious they are. For instance, mathematical formulas, newly discovered laws of nature and newly discovered substances that occur naturally in the world traditionally have been considered to be unpatentable.

When deciding whether an invention qualifies for a patent, the U.S. Patent and Trademark Office (PTO) first must determine whether the invention was novel in some way—that is, a new development in at least one or more of its constituent elements—as of the date the inventor conceived it or when the patent application was filed.

If the PTO determines that the invention was novel, it then must make another more difficult decision: was the invention nonobvious? To make this determination, the PTO asks this question: Would someone who was skilled in the particular field as of the invention date consider the invention to be an unexpected or surprising development?

If the invention is found to be both novel and nonobvious, and it fits within one or more of the five statutory categories discussed earlier (question C, above), it may qualify to receive a patent.

Among the many types of creative works that might qualify for a patent are: biological inventions; business methods; carpet designs; new chemical formulas, processes or procedures; clothing accessories and designs; computer hardware and peripherals; computer software; containers; cosmetics; decorative hardware; electrical inventions; electronic circuits; fabrics; fabric designs; food inventions; furniture design; games (board, box and instructions); housewares; jewelry; laser light shows; machines; magic tricks or techniques; mechanical inventions; medical accessories and devices; medicines; musical instruments; odors; plants; recreational gear; sporting goods (designs and equipment).

E. What Is the Procedure for Applying for a Patent?

There is no such thing as an automatic patent through creation or usage of an invention; the inventor must file an application (and pay a filing fee) and be issued a patent. To apply for a U.S. patent, the inventor files an application with a branch of the U.S. Department of Commerce, known as the U.S. Patent and Trademark Office (PTO).

For the purpose of obtaining an early filing date and being able to claim a “patent pending” status in the invention, the inventor may file what is known as a Preliminary Patent Application (PPA). The only requirement for a PPA is that it must adequately describe the invention. However, to obtain a patent, the inventor must file a formal patent application (within one year of the PPA date if one is filed) that follows technical conventions and contains words and drawings to clearly:

- teach how to make and use the basic invention
- explain why the invention is different from all previous and similar developments (known as the prior art), and
- precisely describe what aspects of the invention deserve the patent (the patent claims).

This patent application will be the subject of much push and pull between the applicant and the patent examiner employed by the PTO to screen it.

F. What Happens If There Are Multiple Applications for the Same Invention?

If the patent examiner discovers that another pending application involves the same invention, and that both inventions appear to qualify for a patent, the patent examiner will declare that a conflict (called an interference) exists between the two applications. In that event, a hearing is held to determine who is entitled to the patent. Affidavits or declarations are submitted and often live testimony is taken.

Who may be awarded the patent depends on such variables as who first conceived of the invention and worked on it diligently, who first actually built and tested the invention and who filed the first provisional or regular patent application.

G. Under What Circumstances Is a Patent Application Approved?

Once a patent application is received by the U.S. Patent and Trademark Office (PTO), a patent examiner is assigned to the application. He or she is responsible for deciding whether the application meets all technical requirements, whether the invention qualifies for a patent and, assuming it does, what the scope of the patent should be.

Usually, back and forth communications occur between the applicant and the examiner regarding these issues. Typically this takes between one and three years and involves significant amendments by the applicant. The most serious and difficult issue to fix is whether the invention qualifies for a patent in light of previous developments—that is, whether the invention is novel and nonobvious in light of the prior art.

Starting December 2000, patent applications will be published 18 months after the initial filing date, unless the applicant states that no foreign patent filings will be made.

Eventually, if the examiner's objections are overcome by the applicant, the invention is approved for a patent. Then, the applicant pays a patent issue fee, and receives an official (ribboned) copy of the patent.

To keep a patent in effect, three additional fees must be paid over the life of the patent.

H. How Are Patent Rights Enforced?

Once a patent is granted, the owner may enforce it by bringing a patent infringement action (lawsuit) against anyone who uses the invention without the patent owner's permission. Normally, when a patent infringement action is filed, the alleged infringer counters by attacking the validity of the patent. Patents may be held invalid on a number of grounds, such as fraud on the U.S. Patent and Trademark Office during the application period; a violation of the anti-trust laws that curb restraints of trade and monopolistic practices; or—as is most common—if an alleged infringer can show that the invention really wasn't novel or nonobvious, that the patent examiner simply made a mistake in issuing the patent.

Assuming, however, that the patent is upheld, the court will take one of two approaches. It may issue a court order (injunction) preventing the infringer from any further use or sale of the infringing device and award damages to the patent owner. The court may instead work with the parties to hammer out an agreement under which the infringing party will pay the patent owner royalties in exchange for permission to use the infringing device.

I. When Does a Patent Expire or Otherwise Come to an End?

The most common reason for a patent to come to an end is that the statutory period during which it is in force expires. For utility and plant patents, the statutory period is 20 years after the application date (21 years after the Provisional Patent Application date if one is filed). For design patents, the statutory period is 14 years from date of issuance.

Another common reason why patents expire is that the patent owner fails to pay required maintenance fees. Usually this occurs because attempts to commercially exploit the underlying invention have failed and the patent owner chooses not to throw good money after bad.

A patent may also be declared invalid (and no longer in force) if it is later shown that the patent application was insufficient, that the applicant committed fraud on the U.S. Patent and Trademark Office (usually by lying about or failing to disclose the applicant's knowledge about prior art that would legally preclude issuance of the patent), or that the inventor engaged in illegal conduct when using the patent—such as conspiring with a patent licensee to exclude other companies from competing with them.

Once a patent has expired for any reason, the invention described by the patent falls into the public domain: it can be used by anyone without permission and the patent owner has no more rights to the invention than any member of the public. The basic technologies underlying television and personal computers are good examples of valuable inventions that are no longer covered by in-force patents.

The fact that an invention is in the public domain does not mean that subsequent developments based on the original invention are also in the public domain. Rather, new inventions that improve public domain technology are constantly being conceived and patented. For instance, televisions and personal computers that roll off today's assembly lines employ many recent inventions that are covered by in-force patents.

J. What About International Protection for U.S. Patents?

The right to control, or monopolize, an invention that a patent owner enjoys in the U.S. originates in the U.S. Constitution and is implemented exclusively by federal laws passed by Congress. These laws define the kinds of inventions that are patentable and the procedures that must be utilized to apply for, receive and maintain the patent in full force for its entire period.

All other industrialized countries also offer inventors protection in the form of a patent. While the standards of what is patentable and the period that patents last differ from country to country, several international treaties (including the Patent Cooperation Treaty and the Paris Convention) allow U.S. inventors to obtain patent protection in these other countries if they take certain required steps, such as filing a patent application in the countries on a timely basis and paying required patent fees.

K. Patent Resources

If you're interested in hands-on, step-by-step instructions on applying for a patent, you may want to consult one of these Nolo resources:

- *Patent It Yourself*, by David Pressman.
- *Patent It Yourself* Software, by David Pressman and EDS.
- *The Patent Drawing Book*, by Jack Lo and David Pressman.
- *The Inventor's Notebook*, by Fred Grissom and David Pressman
- *Licensing Your Invention*, by Richard Stim
- *Patent Searching Made Easy*, by David Hitchcock
- *Nolo's Patents for Beginners*, by David Pressman and Richard Stim

A detailed description of these resources is provided in the Introduction, Section C. (Order information is at the back of this book.)

- You can find valuable information related to patents at the following websites:
 - 1) <http://www.nolo.com> Nolo.com offers self-help information about a wide variety of legal topics, including patent law. (See the intellectual property topic in the Legal Encyclopedia, which incidentally includes selected entries from this part of the book.)
 - 2) <http://www.uspto.gov> The U.S. Patent and Trademark Office is the place to go for recent policy and statutory changes (including updated fee information) and transcripts of hearings on various patent law issues. You may also use this site to conduct a search of the first pages of patents (that include the patent abstract) for patents issued since 1971.
 - 3) <http://patents.ibm.com> IBM's Intellectual Property Network offers free patent searching for patents issued since 1971.
 - 4) <http://www.spi.org> Software Patent Institute lets you search for previous software developments that may affect whether a particular software item qualifies for a patent.

Part IV: Trademark Law

A. What Are Trademarks and Service Marks?	41
B. What Is Trade Dress?	41
C. What Is Trademark Law?	42
D. What Kinds of Trademarks and Service Marks Receive Protection Under Trademark Law?	43
E. What Cannot Be Protected Under Trademark Law?	44
F. How Is Trademark Ownership Determined?	46
G. What About Federal Registration of a Mark?	46
H. How Can You Tell If a Mark Proposed for Use Is Already Being Used by Another Business?	48
I. Do Mark Owners Need to Provide Notice to the Public?	49
J. How Is Ownership of a Mark Enforced?	49
K. Trademark Resources	50

Trademark law consists of the legal rules that govern how businesses may:

- identify their products or services in the marketplace to prevent consumer confusion, and
- protect the means they've chosen to identify their products or services against use by competitors.

A. What Are Trademarks and Service Marks?

A trademark is a distinctive word, phrase, logo, domain name, graphic symbol or other device that is used to identify a commercial website or the source of a product or service, and to distinguish a particular manufacturer's or merchant's products from anyone else's. Some examples are: Ford cars and trucks, IBM computers, Priceline.com and Microsoft software. In the trademark context, "distinctive" means unique enough to reasonably serve as an identifier of a product in the marketplace.

A trademark can be more than just a brand name or logo. It can include other non-functional but distinctive aspects of a product or service that tends to promote and distinguish it in the marketplace, such as shapes, letters, numbers, sounds, smells or colors. Titles, character names or other distinctive features of movies, television and radio programs can also serve as trademarks when used to promote a product.

For all practical purposes, a service mark is the same as a trademark—except that trademarks promote products while service marks promote services. Some familiar service marks include: McDonald's (fast food service), Kinko's (photocopying service), eBay.com (an auction website), ACLU (legal service), Blockbuster (video rental service), CBS's stylized eye in a circle (television network service), the Olympic Games' multicolored interlocking circles (international sporting event).



B. What Is Trade Dress?

In addition to a label, logo or other identifying symbol, a product may also come to be identified by its distinctive shape (the Galliano liquor bottle) or packaging

(the Kodak film package). Likewise, a service may be identified by its distinctive decor (the decorating motif used by the Banana Republic clothing stores). Collectively, these types of identifying features are commonly termed “trade dress.”

C. What Is Trademark Law?

Broadly, trademark law is concerned with the overlapping and conflicting uses of trademarks, service marks, domain names and trade dress by different businesses. More specifically, trademark law determines what happens if:

- a business adopts a domain name, logo or product name that either is identical or very similar to an existing one, or
- the adopted logo, business name or domain name is one that consumers are reasonably likely to confuse with similar marks already in use on related products or services, or on a website that offers such goods or services.

The basic rules for resolving a dispute over who is entitled to use a trademark, service mark or trade dress in a given context come from decisions by federal and state courts (the common law). These rules usually favor whichever business was first to use the mark or trade dress. A number of additional legal principles used to protect owners against use of their marks or trade dress by others come from U.S. Government statutes known collectively as the Lanham Act.

The Lanham Act also establishes the trademark registration system and provides for judicial remedies in cases of trademark infringement. In addition to the Lanham Act, most states provide for some means of registering trademarks and service marks (but usually not trade dress) with a state agency and allow for remedies in case of infringement.

In late 1999, Congress passed the Anti-Cybersquatting Consumer Protection Act, which allows trademark owners to sue domain name owners who registered the domain name with the bad faith intent of preventing its use by a legitimate trademark owner.

Finally, federal and state courts have applied their own set of rules to activity deemed “unfair competition,” which usually occurs when one business uses another business’s name or service mark in a context that is likely to confuse the public. The main goal of an unfair competition lawsuit is to force the second user to modify its use of the name or mark, so that the original business will not lose customers due to confusion.

Trademark law also addresses treaties signed by a number of countries that make it easier to obtain international trademark protection.

D. What Kinds of Trademarks and Service Marks Receive Protection Under Trademark Law?

As a general rule, trademark law confers the most legal protection to names, logos and other marketing devices that are distinctive—that is, memorable because they are creative or out of the ordinary (inherently distinctive), or because over time they have become well known to the public.

Trademarks said to be inherently distinctive typically consist of:

- unique logos or symbols
- words that are made up to be specifically used as a mark (“coined marks”), such as Exxon, Kodak, or datek.com
- words that invoke imaginative images in the context of their usage (“fanciful marks”), such as Double Rainbow ice cream or ragingbull.com
- words that are surprising or unexpected in the context of their usage (“arbitrary marks”), such as *Time Magazine*, Diesel for a bookstore, Amazon.com for an online bookstore, or yahoo.com for an Internet portal, and
- words that cleverly connote qualities about the product or service without literally describing these qualities (“suggestive or evocative marks”), such as Slenderella diet food products or Netscape World Wide Web Browser.

By contrast, marks that consist of common or ordinary words are not considered to be inherently distinctive, absent a showing that consumers recognize them because of their long use. Such weak marks receive less protection under federal or state laws. Typical examples of common or ordinary words are:

- people’s names (Pete’s Muffins, Smith Graphics, Troweprice.com)
- geographic terms (Northern Dairy, Central Insect Control, DownTownNews.com), and
- descriptive terms—that is, words that attempt to literally describe the product or its characteristics (Rapid Computers, Clarity Video Monitors, Ice Cold Ice Cream, Courthouse.com).

As mentioned, it’s possible for ordinary marks to become distinctive because they have developed great public recognition through long use and exposure in the marketplace. A mark that has become protectable through exposure or long use is said to have acquired a “secondary meaning.” Examples of otherwise common marks that have acquired a secondary meaning and are now considered to be distinctive include Sears (department stores), Ben and Jerry’s (ice cream), FindLaw.com (legal information and research) and Park N Fly (airport parking services).

E. What Cannot Be Protected Under Trademark Law?

There are five common situations in which there is no trademark protection. In any of these situations, the intended trademark cannot be registered and the owner has no right to stop others from using a similar name. Generally, when speaking of what *cannot* be protected under trademark law, we are referring to the standards established under the Lanham Act (the federal statute that provides for registration of marks and federal court remedies in case a mark is infringed).

- *nonuse*. Trademark rights are derived from the continued use of a mark in commerce. If there is a significant break in the chain of trademark usage the owner may lose rights under a principal known as abandonment. Abandonment can occur in many ways, but the most common way is non-use, that is, the mark is no longer used in commerce and there is sufficient evidence that the owner intends to discontinue use of the mark. For example, the owner of a mark for hotel services closed its hotels and failed to use the mark on similar services for a period of thirty years. This was sufficient proof that the owner abandoned the mark. Under the Lanham Act, a trademark is presumed to be abandoned after three years of nonuse. This presumption does not mean that the mark is automatically classified as abandoned after three years of nonuse. It means that the burden of proof shifts to the owner of the mark to prove it is *not* abandoned. The owner must prove an intention to resume commercial use.
- *generics and genericide*. A generic term describes an entire group or class of goods or services. For example, the terms, “computer”, “eyeglasses” and “eBook” are all generic terms. The public associates these terms with a type of goods, not a specific brand. For example, there are many brands of computers - *Gateway*, *Dell*, and *Compaq* - but there is no brand of computer known simply as *Computer*. If protection were granted to generics, one company would have a monopoly and could stop all others from using the name of the goods. For example, if only one company could use the term “Jam,” any other company would be prevented from using that term with their brand of jam. Consumers are used to seeing a generic term used in conjunction with a trademark (for example *Avery* labels, or *Hewlett-Packard* printers). From a grammatical point of view, generics are generally nouns, trademarks are generally adjectives and the generic term almost always follows the trademark. On some occasions a company invents a new word for a product (for example *Kleenex* for a tissue). That term may function so successfully as a trademark that the public eventually comes to be-

lieve that it *is* the name of the goods, not the trademark. This is what happened with the term “cellophane” which was originally a registered trademark of the DuPont corporation, became so popular that consumers began to think of cellophane as the generic term for the clear plastic sheets. Other famous terms to move from trademark to generic are “aspirin”, “yo-yo,” “escalator,” “thermos” and “kerosene”. The process of moving from trademark to generic is referred to as genericide.

- *confusingly similar marks*. A mark will not be registered or otherwise protected under trademark law if it so resembles another mark currently registered or in use in the United States so as to cause confusion among consumers. This standard, known as likelihood of confusion, is a foundation of trademark law. Many factors are weighed when considering “likelihood of confusion”. These factors are derived from the case of *In re: E.I. DuPont DeNemours & Co*, 476 F.2d 1357 (CCPA 1973). However, the most important “confusion factors” are generally the similarity of the marks, similarity of the goods, degree of care exercised by the consumer when purchasing, the intent of the person using the similar mark, and any actual confusion that has occurred.
- *weak marks*. A weak (or descriptive) trademark will not be protected unless the owner can prove that consumers are aware of the mark. There are three types of weak marks: descriptive marks, geographic marks that describe a location, and marks that are primarily surnames (last names). When an applicant attempts to register a weak mark, the PTO will permit the applicant to submit proof of distinctiveness or to move the application from the Principal Register to the Supplemental Register. If the applicant fails to prove distinctiveness (known as secondary meaning), the PTO will reject the application. If the applicant disagrees with the PTO decision, the applicant can appeal the decision to the federal district court.
- *functional features*. Trademark law, like copyright law, will not protect functional features. Trademark disputes about this issue (sometimes referred to as functionality) arise in cases involving product shapes or product packaging (sometimes referred to as trade dress). Unfortunately, there is no simple definition for “functional” because this area of law is still evolving. Generally, a functional feature is essential to the usability of a product. That is, the feature is necessary for the item to work. When the feature is not necessary for the item to work, it will be protected under trademark law. For example, the body of an electric guitar can be made in innumer-

able shapes (as witnessed by oddly-shaped guitars favored by musicians such as *Bo Diddley*, *Kiss* and *ZZ Top*). The design of these guitars may become a trademark because the design is not dictated by the ability of the guitar to function. The design may also be protectible as a design patent.

F. How Is Trademark Ownership Determined?

As a general rule, a mark is owned by the business that is first to use it in a commercial context—that is, the first to attach the mark to a product or use the mark when marketing a product or service. After the first use, the owner may be able to prevent others from using it, or a similar trademark, for their goods and services, in a context where customers would likely be confused, or where the mark is famous as long as the owner continues to use the mark in connection with its goods and services.

First use can also be established by filing an intent-to-use (ITU) trademark registration application with the U.S. Patent and Trademark Office. The filing date of this application will be considered the date of first use if the applicant puts the mark into actual use within required time limits (between six months and three years, depending on the reasons for the delay and whether the applicant seeks and pays for extensions), and follows up by filing the necessary forms and fees to obtain an actual registration.

G. What About Federal Registration of a Mark?

Registering a trademark or service mark with the U.S. Patent and Trademark Office (PTO) makes it easier for the owner to protect it against would-be copiers, and puts the rest of the country on notice that the mark is already taken. The registration process involves filling out a simple application, paying an application fee of \$325 (current in January 2001) and being willing to work with an official of the PTO to correct any errors that he or she finds in the application.

To qualify a mark for registration with the PTO, the mark's owner first must put it into use "in commerce that Congress may regulate." This means the mark must be used on a product or service that crosses state, national or territorial lines or that affects commerce crossing such lines—such as would be the case with a catalog business or a restaurant or motel that caters to interstate or international consumers. If an intent-to-use application is being filed (the applicant intends to use the mark in the near future but hasn't begun using it yet), another document must be filed for a fee once the actual use begins, showing that mark is being used in commerce (as defined above). Domain names and marks used on the Internet usually qualify.

Once the PTO receives a trademark registration application, it determines the answers to these questions:

- Does the application have to be amended (because of errors) before it can be examined?
- Is the mark the same as or similar to an existing mark used on similar or related goods or services?
- Is the mark on a list of prohibited or reserved names?
- Is the mark generic—that is, does the mark describe the product or service itself rather than its source?
- Is the mark descriptive—that is, does it consist of words or images that are ordinary or that literally describe one or more aspects of the underlying goods or services?

When the PTO can answer all of these questions in the negative, it will publish the mark in the *Official Gazette* (a publication of the U.S. Patent and Trademark Office) as being a candidate for registration. Existing trademark and service mark owners may object to the registration by filing an opposition. If this occurs, the PTO will schedule a hearing to resolve the dispute. Even if existing owners don't challenge the registration of the mark at this stage, they may later attack the registration in court if they believe the registered mark infringes one they already own.

If there is no opposition, and use in commerce has been established, the PTO will place the mark on the list of trademarks known as the Principal Register if it is considered distinctive (either inherently or because the applicant has shown that the mark has acquired secondary meaning). Probably the most important benefit of placing a mark on the Principal Register is that anybody who later initiates use of the same or a confusingly similar mark will be presumed by the courts to be a "willful infringer" and therefore liable for large money damages. However, it is still possible to obtain basic protection for a mark from the federal courts under the Lanham Act without prior registration.

If a mark consists of ordinary or descriptive terms (that is, it isn't considered distinctive), it may be placed on a different list of trademarks and service marks known as the Supplemental Register. Placement of a mark on the Supplemental Register produces significantly fewer benefits than those offered by the Principal Register, but still provides notice of ownership. Also, if the mark remains on the Supplemental Register for five years—that is, the registration isn't canceled for some reason—and also remains in use during that time, it may then be placed on the Principal Register under the secondary meaning rule (secondary meaning will be presumed).

H. How Can You Tell If a Mark Proposed for Use Is Already Being Used by Another Business?

A “trademark search” is an investigation to discover potential conflicts between a proposed mark and an existing one. Generally done before or at the beginning of a new mark’s use, a trademark search reduces the possibility of inadvertently infringing a mark belonging to someone else.

Often, a professional search agency is used to conduct the trademark search—by first checking both federal and state trademark registers for identical or similar marks and then checking journals, telephone books and magazines to see whether the mark is in actual use. It is possible to do a trademark search, without involving a professional, at any of the Patent Depository and Trademark Libraries throughout the country or at the PTO’s Website listed in Trademark Resources, below. It is also possible to conduct a preliminary online trademark search to determine if a trademark is distinguishable from other federally registered trademarks. This can be accomplished using the PTO’s free trademark databases: <http://www.uspto.gov/tmdb/index.html>, and <http://tess.uspto.gov/bin/gate.exe?f=tess&state=vfg9gj.1.1> both of which provide free access to records of federally registered marks or marks that are pending (applications undergoing examination at the PTO). Privately owned fee-based online trademark databases often provide more current PTO trademark information. Below are some private online search companies:

- **Saegis** (<http://www.thomson-thomson.com>) Saegis is the most comprehensive trademark searching service and provides access to all Trademarkscan databases (state, federal and international trademark databases), domain name databases, common law sources on the Internet and access to newly filed United States federal trademark applications. Saegis also provides access to *Dialog* services.
- **Dialog** (<http://www.dialog.com>) Dialog provides access to *Trademarkscan* databases, including state and federal registration and some international trademarks and provides common law searching of news databases.
- **Micropatent** (<http://www.micropatent.com>) Micropatent provides access to federal and state trademarks through its *MarkSearch Pro* and *MarkSearch Pro State* databases.
- **Corporate Intelligence** (<http://www.trademarks.com>) Corporate Intelligence provides access to current federal registration information.
- **Trademark Register** (<http://www.trademarkregister.com>) Trademark register provides access to current federal registration information.

- **Marks on Line** (<http://www.marksonline.com>) comprehensive trademark link site with listing of state and national trademark offices.
- **LEXIS/NEXIS** (<http://www.lexis-nexis.com>) LEXIS provides access to federal and state registrations and permits common law searching via NEXIS news services. The PTO utilizes NEXIS for its evaluations of descriptive and generic terms.

I. Do Mark Owners Need to Provide Notice to the Public?

Many owners like to put a “TM” (or “SM” for service mark) next to their mark to let the world know that they are claiming ownership of it. There is no legal necessity for providing this type of notice, however, because the use of the mark itself is the act that confers ownership.

The “R” in a circle (®) is a different matter entirely. This notice may not be put on a mark unless it has been registered with the U.S. Patent and Trademark Office. The failure to put the notice on a mark that has been so registered can result in a handicap if it later becomes necessary to file a lawsuit against an infringer of the mark.

J. How Is Ownership of a Mark Enforced?

Whether or not a trademark is federally registered, its owner may go to court to prevent someone else from using it or a confusingly similar mark. Courts will examine such factors as:

- whether the trademark is being used on competing goods or services (goods or services compete if the sale of one is likely to preclude the sale of the other)
- whether consumers would likely be confused by the dual use of the trademark, and
- whether the trademark is being used in the same part of the country or is being distributed through the same channels.

If the mark is infringing and the mark’s owner can prove loss or show that the competitor gained economically as a result of the improper use, the competitor may have to pay the owner damages based on the profit or loss. If the court finds the competitor intentionally copied the owner’s trademark, the infringer may have to pay other damages, such as punitive damages, fines or attorney fees. On the other hand, if the trademark’s owner has not been damaged, a court has discretion to allow the competitor to also use the mark under very limited circumstances designed to avoid the possibility of consumer confusion.

In addition, under federal and state anti-dilution statutes, an owner may prevent a mark from being used by others (the essence of mark ownership) if:

- the mark is well known, and
- the later use would dilute the mark's strength—that is, impair or tarnish its reputation for quality or render it common through overuse in different contexts (even if it is unlikely that any consumers would be confused by the second use).

Finally, a trademark owner may, under the Anti-Cybersquatting Consumer Protection Act of 1999, enforce his or her right to use the mark as a domain name against a prior domain name registrant if the registration was made in bad faith.

K. Trademark Resources

If you're interested in protecting your trademark or service mark, or choosing a great domain name that you can also protect as a trademark, you may want to consult these Nolo resources:

- *Trademark: Legal Care for Your Business & Product Name*, by Stephen Elias.
- *Handling Problems with Your Trademark Application*, an eGuide by Patricia Gima and Stephen Elias.
- *Domain Names: How to Choose & Protect a Great Name for Your Website*, by Patricia Gima and Stephen Elias.

The World Wide Web offers convenient access to an enormous amount of trademark materials, including:

- the federal trademark statutes and regulations
- informative articles by trademark experts
- the federal trademark database (for a reasonable fee), and
- recent changes in PTO trademark examination procedures.

Here is a brief list of sites that will either have the information you are looking for or will provide you with links to other sites that do.

<http://www.nolo.com> Nolo.com offers self-help information about a wide variety of legal topics, including trademark law (See the Intellectual Property topic in the Legal Encyclopedia, which incidentally includes selected entries from this part of the book).

<http://www.findlaw.com> FindLaw, a search engine, offers an excellent collection of trademark-related materials on the Web, including trademark statutes, regulations, classification manuals and articles of general interest. Click the intellectual property link in the topics section on the Findlaw homepage and then click trademark in the subcategory section on the intellectual property page.

<http://www.sci3.com> This site, maintained by the Sunnyvale Center for Innovation, Invention and Ideas (a Patent and Trademark Depository Library), provides information about their excellent, low-cost trademark search service conducted by the Center's librarians.

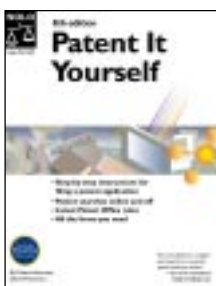
<http://www.uspto.gov> The U.S. Patent and Trademark Office website is the place to go for recent policy and statutory changes and transcripts of hearings on various trademark law issues. This site also offers three useful online programs TESS, TEAS and TARR. TESS is a searchable database of federally registered trademarks, TARR provides information on the status of pending registrations (TARR) and TEAS (including PrinTEAS and eTEAS) is a system for electronic filing of trademark registrations.

International Trademark Association (INTA) at **<http://www.inta.org>**. This non-profit organization of attorneys and corporate professionals provides trademark services, publications and online resources.

Marksonline at **<http://www.marksonline.com>**. This comprehensive trademark site provides trademark searching services, news, and links as well as domain name information. It's easy to navigate, contains lots of practical information for trademark owners and includes links to state and federal trademark offices.



more from



Patent It Yourself

by Attorney David Pressman

Available as a book or an eBook

List price: \$49.95 • *Your price direct from Nolo: \$34.97 (30% off)*

Patent It Yourself—the world's bestselling patent book, recommended by patent attorneys, inventors, librarians, journalists and the U.S. Patent and Trademark Office—takes you, step-by-step and in plain English, through the entire patent process, from conducting a patent search to filing a successful application.



The Copyright Handbook

How to Protect & Use Written Works

by Attorney Stephen Fishman

Available as a book w/CD-ROM or an eBook

List price: \$34.95 • *Your price direct from Nolo: \$24.47 (30% off)*

This must-have handbook provides you with every necessary form to protect written expression under U.S. and international copyright law. It discusses the Digital Millennium Copyright Act, the latest fees and registration forms, the 20-year extension of copyright terms, *Tasini v. New York Times* and the resulting decision that affects all freelance writers, and more.



Small Business Pro 4

Nolo.com

Software

List price: \$89.95 • *Your price direct from Nolo: \$53.47 (40% off)*

As a small business owner, you face complex legal questions every day. Now, for less than the cost of an hour with a lawyer, you can get clear and concise answers instantly with Small Business Pro. It's packed with over 125 business and legal forms, as well as the complete text of six complete and searchable Nolo business bestsellers, including [*Tax Savvy for Small Businesses*](#) and [*Legal Guide for Starting & Running a Small Business*](#).

About Nolo

Since it was founded in 1971, [Nolo's](#) mission has been to help people solve legal problems with confidence, a minimum of fuss and expense, and—whenever possible—without a lawyer. Today, we continue to publish the most trusted consumer legal tools available. To receive legal and product updates from Nolo, as well as special offers and free downloads, sign up for our email newsletter, [NoloBriefs](#), at www.nolo.com.

Prices and discounts are subject to change

Order 24 hours a day at www.nolo.com, or call toll free 800-992-6656