An Understanding of the Different Areas of Intellectual Property

By Gregg R. Sultan

It is critical that business owners and managers have a basic understanding of the different forms of intellectual property protection that might apply to their company's products. There is, however, an enormous amount of confusion about the differences. For example, it is a common occurrence for clients to ask whether they can "copyright our brand" or "get a patent on our logo." The first step for me as an attorney is to identify what the clients might really be interested in doing. Then, I guide them through the process of developing, protecting, and eventually exploiting the proprietary rights in their products. This article explains the main forms of intellectual property and their corresponding theories.

Patents: There are different types of patents, but the utility patent is what most commonly comes to mind. A utility patent can protect the functional features of a process, machine, manufactured item or composition of matter, if that feature is new, useful and non-obvious. The U.S. Patent and Trademark Office grants allpatents. Since patent law is designed to encourage investment in new technology and invention and to reward the effort and expense involved in development, a patent grants the owner the exclusive right to stop anyone else from making, using or selling any devices that embody the patented technology or invention for a certain, limited period of time.

Copyrights: Copyright law is designed to encourage original and creative expression of ideas and information in a tangible form, such as literary, musical, pictorial, sculptural, motion picture, and other artistic works. To qualify for copyright protection, a work must possess at least some minimal degree of originality and creativity (and that threshold is fairly low). As soon as a work is created and the idea or information is fixed in a tangible medium of expression, federal copyright law protects the work from infringement – that is, from another person copying or publishing all or a substantial portion of the work or creating or publishing a very similar work– for a period of the life of the author plus 70 years. For companies, the period is 95 years from the date of publication or 120 years from the date of creation (whichever is shorter). A proper copyright notice should be used on the work. Registration of the copyright with the U.S. Copyright Office, while not required, is recommended to enforce the copyright and qualify for certain types of enhanced damages in infringement claims.

Trademarks: In the U.S., trademark rights derive from commercial use of distinctive names, words, symbols, logos (and, in certain limited cases, sounds, smells, colors and shapes) on or in connection with goods or services to identify and distinguish the source of those goods or services. Unlike patent and copyright law, trademark law is not designed to encourage the development of brands, but instead is designed to prevent consumer confusion, mistake or deception as to the source, affiliation or sponsorship of goods and services. For example, when consumers buy a brand name product, they know it comes from a certain source even if they may not know the name of that source, and they may have come to expect a certain quality associated with that brand. If another party later begins using a similar name for similar goods, consumers could be confused as to the source or sponsorship of the product. In such a case, the trademark owner could sue for trademark infringement. Federal registration of a trademark is not required since appropriate commercial use of that mark confers those rights, which will persist as long as such commercial use continues. Federal registration of trademarks , however, does offer a number of additional legal benefits and advantages.

Trade Secrets: In most U.S. states, a trade secret is defined as "information, including a formula, pattern, compilation, program, device, method, technique or process that derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, another person who can obtain economic value from its disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." Patents and trade secrets cover much of the same subject matter, but they are very different in practice. Patent applications require full disclosure of the invention, while trade secret law requires secrecy. Patents also normally last for 20 years from the date of filing, while trade secrets can last indefinitely.

Imagine that we have a new soft drink product with some unique features. The product has a distinctive brand name and logo associated with it. It comes in a unique bottle

housed in creative packaging. The bottle features a new technology to maintain the temperature of the beverage. And the drink itself is the product of a proprietary formula. You may be able to predict which areas of intellectual property law apply to the different aspects of the product, but a further analysis may reveal some surprises.

First, let's take the brand name and the logo. Assuming these items have been properly cleared for use (i.e., it does not appear that anyone else has prior rights to them), if they are used to identify and distinguish the source of the product, they can be protected by trademark law. If the logo has a sufficiently original and creative design aspect to it, it could also qualify for copyright protection once it is on the product's bottle, a label or packaging.

Second, the packaging of the product might also have some unique art or design elements. If these aspects are sufficiently original and creative, copyright protection would apply. Moreover, if and when these aspects are sufficiently distinctive to the extent that the public has come to see them as identifying the source of the product, they also could be protected by trademark law as "trade dress," a branch of trademark law that protects the look and feel of a product or its packaging.

Third, the technology that enables the bottle to maintain the temperature of the beverage could be patented if it is new, useful and non-obvious and there are no prior patent claims on such a technology. Filing a patent application, however, is a public record, and normally, a patent expires 20 years after the date it is filed. If the need to maintain the confidentiality of the invention or the desire to try to exploit it for a longer period of time is paramount, then filing a patent application may not be the right strategy. Another possibility is to treat the technology as a trade secret. If that path is taken, then it is necessary to maintain a program to keep the technology secret and to enforce strict non-disclosure rules.

While probably unlikely, the shape of the bottle itself could qualify for utility patent protection.. Moreover, an application for a design patent could be filed to protect the ornamental features of the bottle, but those features have to be new and non-obvious. If however, the features are primarily utilitarian or functional in nature, a design patent will not be granted. If the bottle shape is sufficiently distinctive to qualify as a source identifier, it can also be protected as "trade dress" under trademark law. If the shape of the bottle qualifies for a utility patent, however, it is unlikely to be protectable as "trade dress" since functionality prohibits trademark rights.

Finally, we come to the proprietary soft drink formula. In this case, the real life examples of Coca-Cola and Pepsi are useful. While both could have filed for patents on their formulas, that would have required full disclosure of the formulas and the patents would only have lasted for a few years. After that, the formulas would become publicly available. Instead, Coca-Cola and Pepsi (and almost all other soft drink brands) have kept their recipe as a closely guarded trade secret. By treating their formulas as trade secrets, Coca-Cola and Pepsi will continue to retain sole ownership and control until another party independently discovers them. In doing so, they each took a calculated risk that no one else would discover and publicly disseminate their formulas.

Determining how best to protect the various intangible assets of a product through the use of intellectual property laws can be like navigating a complicated maze. Finding an attorney with experience in these matters who can advise and guide you through that maze is essential and can be the difference between business success or failure.

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