

**LECTURE NOTES**  
**ON**  
**INTELLECTUAL PROPERTY RIGHTS**

**III B. Tech II semester (JNTUH-R15)**

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# UNIT-1

## INTELLECTUAL PROPERTY RIGHTS

### Introduction

**Intellectual property (IP)** is a term referring to creation of the intellect (the term used in studies of the human mind) for which a monopoly (from greek word monos means single polein to sell) is assigned to designated owners by law. Some common types of intellectual property rights (IPR), in some foreign countries intellectual property rights is referred to as *industrial property*, copyright, patent and trademarks, trade secrets all these cover music, literature and other artistic works, discoveries and inventions and words, phrases, symbols and designs. Intellectual Property Rights are themselves a form of property called intangible property.

Although many of the legal principles governing IP and IPR have evolved over centuries, it was not until the 19<sup>th</sup> century that the term *intellectual property* began to be used and not until the late 20<sup>th</sup> century that it became commonplace in the majority of the world.

### Types of Intellectual Property

The term intellectual property is usually thought of as comprising four separate legal fields:

1. Trademarks
2. Copyrights
3. Patents
4. Trade secrets

**1. Trademarks and Service Marks:** A trademark or service mark is a word, name, symbol, or device used to indicate the source, quality and ownership of a product or service. A trademark is used in the marketing is recognizable sign, design or expression which identifies products or service of a particular source from those of others. The trademark owner can be an individual, business organization, or any legal entity. A trademark may be located on a package, a label, a voucher or on the product itself. For the sake of corporate identity trademarks are also being.

### General Logos:



The Trademark Registration Logo



In addition to words, trademarks can also consist of slogans, design, or sounds. Trademark provides guarantee of quality and consistency of the product or service they identify. Companies expend a great deal of time, effort and money/ in establishing consumer recognition of and confidence in their marks.



### **Federal Registration of trademarks:**

Interstate use of trademarks is governed by federal law, namely, the United States Trademark Act (also called the Lanham Act), found at 15 U.S.C 1051et seq. In the United States, trademarks are generally protected from their date of first public use. Registration of a mark is not required to secure protection for a mark, although it offers numerous advantages, such as allowing the registrant to bring an action in federal court for infringement of the mark.

Applications for federal registration of trademarks are made with the PTO. Registration is a fairly lengthy process, generally taking anywhere from twelve to twenty-four months or even longer. The filing fee is \$335 per mark (Present \$225 per class) per class of goods or services covered by the mark.

A trademark registration is valid for 10 years and may be renewed for additional ten year periods thereafter as long as the mark is in used in interstate commerce. To maintain a mark the registrant is required to file an affidavit with the PTO between the fifth and sixth year after registration and every ten years to verify the mark is in continued use. Marks not in use are then available to others.

A properly selected, registered and protected mark can be of great value to a company or individual desiring to establish and expand market share and better way to maintain a strong position in the marketplace.

**2. Copyrights:** Copyright is a form of protection provided by U.S. law (17 U.S.C 101 et seq) to the authors of "original works of authorship" fixed in any tangible medium of expression. The manner and medium of fixation are virtually unlimited. Creative expression may be captured in words, numbers, notes, sounds, pictures, or any other graphic or symbolic media. The subject matter of copyright is extremely broad, including literary, dramatic, musical, artistic, audiovisual, and architectural works. Copyright protection is available to both published and unpublished works.

Copyright protection is available for more than merely serious works of fiction or art. Marketing materials, advertising copy and cartoons are also protectable. Copyright is available for original working protectable by copyright, such as titles, names, short phrases, or lists of ingredients. Similarly, ideas methods and processes are not protectable by copyright, although the expression of those ideas is.

Copyright protection exists automatically from the time a work is created in fixed form. The owner of a copyright has the right to reproduce the work, prepare derivative works based on the original work (such as a sequel to the original), distribute copies of the work, and to perform and display the work. Violations of such rights are protectable by infringement actions. Nevertheless, some uses of copyrighted works are considered "fair use" and do not constitute infringement, such as use of an insignificant portion of a work for noncommercial purposes or parody of a copyrighted work.

**Definition:**

General Definition of copyright "Copyright owner", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

**Federal Registration of Copyrights:** The works are protected under federal copyright law from the time of their creation in a fixed form. Registration, however, is inexpensive, requiring only a \$30 (present \$85) filing fee, and the process is expeditious. In most cases, the Copyright Office processes applications within four to five months.

Copyrighted works are automatically protected from the moment of their creation for a term generally enduring for the author's life plus an additional seventy years after the author's death. The policy underlying the long period of copyright protection is that it may take several year for a painting, book, or opera to achieve its true value, and thus, authors should receive a length of protection that will enable the work to appreciate to its greatest extent.

**3. Patents:** A patent for an invention is the grant of a property right to the inventor, issued by the United States Patent and Trademark Office. Generally, the term of a new patent is 20 years from the date on which the application for the patent was filed in the United States or, in special cases, from the date an earlier related application was filed, subject to the payment of maintenance fees. U.S. patent grants are effective only within the United States, U.S. territories, and U.S. possessions. Under certain circumstances, patent term extensions or adjustments may be available.

The right conferred by the patent grant is, in the language of the statute and of the grant itself, "the right to exclude others from making, using, offering for sale, or selling" the invention in the United States or "importing" the invention into the United States. What is granted is not the right to make, use, offer for

sale, sell or import, but the right to exclude others from making, using, offering for sale, selling or importing the invention. Once a patent is issued, the patentee must enforce the patent without aid of the USPTO.

**There are three types of patents:**

**Utility patents** may be granted to anyone who invents or discovers any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof;

**Design patents** may be granted to anyone who invents a new, original, and ornamental design for an article of manufacture; and

**Plant patents** may be granted to anyone who invents or discovers and asexually reproduces any distinct and new variety of plant.

**Federal Registration of Copyrights:** Patents are governed exclusively by federal law (35 U.S.C 100 et seq). To obtain a patent, an inventor must file an application with the PTO (the same agency that issues trademark registration) that fully describes the invention. Patent prosecution is expensive, time consuming and complex. Costs can run into the thousands of dollars, and it generally takes over two year for the PTO to issue a patent.

Patent protection exists for twenty years from the date of filing of an application for utility and patents and fourteen years from the date of grant for design patents. After this period of time, the invention fall into the public domain and may be used by any person without permission.

The inventor is granted an exclusive but limited period of time within which to exploit the invention. After the patent expires, any member of the public is free to use, manufacture, or sell the invention. Thus, patent law strikes a balance between the need to protect inventors and the need to allow public access to important discoveries.

**4. Trade Secrets:** A trade secret consists of any valuable business information. The business secrets are not to be known by the competitor. There is no limit to the type of information that can be protected as trade secrets; **For Example:** *Recipes, Marketing plans, financial projections, and methods of conducting business can all constitute trade secrets.* There is no requirement that a trade secret be unique or complex; thus, even something as simple and nontechnical as a list of customers can qualify as a trade secret as long as it affords its owner a competitive advantage and is not common knowledge.

If trade secrets were not protectable, companies would no incentive to invest time, money and effort in research and development that ultimately benefits the public. Trade secret law thus promotes the development of new methods and processes for doing business in the marketplace.

**Protection of Trade Secrets:** Although trademarks, copyrights and patents are all subject to extensive statutory scheme for their protection, application and registration, there is no federal law relating to trade secrets and no formalities are required to obtain rights to trade secrets. Trade secrets are

protectable under various state statutes and cases and by contractual agreements between parties. **For Example:** *Employers often require employees to sign confidentiality agreements in which employees agree not to disclose proprietary information owned by the employer.*

If properly protected, trade secrets may last forever. On the other hand, if companies fail to take reasonable measures to maintain the secrecy of the information, trade secret protection may be lost. Thus, disclosure of the information should be limited to those with a “need to know” it so as to perform their duties, confidential information should be kept in secure or restricted areas, and employees with access to proprietary information should sign nondisclosure agreements. If such measures are taken, a trade secret can be protected in perpetuity.

Another method by which companies protect valuable information is by requiring employee to sign agreements promising not to compete with the employer after leaving the job. Such covenants are strictly scrutinized by courts, but generally, if they are reasonable in regard to time, scope and subject matter, they are enforceable.

## **AGENCIES RESPONSIBLE FOR INTELLECTUAL PROPERTY REGISTRATION**

### **United States Patents and Trademark Office:**

The agency charged with granting patents and registering trademarks is the United States Patent and Trademark Office (PTO), one of fourteen bureaus within the U.S. Department of Commerce. The PTO, founded more than two hundred years ago, employs nearly 700 (present 1000 employs) are working. At present it is located in 18 building in Arlington, Virginia. Its official mailing address is Commissioner of Patents and Trademarks, Washington, DC 20231.

The PTO is physically located at 2900 Crystal Drive in Arlington, Virginia. Its web site is and offers a wealth of information, including basic information about trademarks and patents, fee schedules, forms, and the ability to search for trademarks and patents. Since 1991, under the Omnibus Budget Reconciliation Act, the PTO has operated in much the same way as a private business, providing valued products and services to customers in exchange for fees that are used to fully fund PTO operations.

It uses no taxpayer funds. The PTO plans to move all of its operations to Alexandria, Virginia, by mid-2005. The PTO is one of the busiest of all government agencies, and as individuals and companies begin to understand the value of intellectual property, greater demands are being made on the PTO.

Legislation passed in 1997 established the PTO as a performance-based organization that is managed by professionals, resulting in the creation of a new political position, deputy secretary of commerce for intellectual property. In brief, the PTO operates more like a business with greater autonomy over its budget, hiring, and procurement. U.S patents issued its first patent in 1790. Since 1976 the text and images of more than three million are pending for registration. The PTO is continuing its transition filing for both trademarks and from paper to electronic filing for both trademarks and patents.

The PTO is led by the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (the “Director”), who is appointed by the President. The Secretary of Commerce appoints a Commissioner for Patents and a Commissioner for Trademarks. Citations to many cases in this text will be to “U.S.P.Q.”, a reference to United States Patent Quarterly, a reporter of cases decided by the Trademark Trial and Appeal Board (TTAB) as well as patent and copyright cases.

## **INTERNATIONAL ORGANIZATIONS, AGENCIES AND TREATIES**

There are a number of International organizations and agencies that promote the use and protection of intellectual property. Although these organizations are discussed in more detail in the chapters to follow, a brief introduction may be helpful:

**International Trademark Association (INTA)** is a not-for-profit international association composed chiefly of trademark owners and practitioners. It is a global association. Trademark owners and professionals dedicated in supporting trademarks and related IP in order to protect consumers and to promote fair and effective commerce. More than 4000 (*Present 6500 member*) companies and law firms more than 150 (*Present 190 countries*) countries belong to INTA, together with others interested in promoting trademarks. INTA offers a wide variety of educational seminars and publications, including many worthwhile materials available at no cost on the Internet. INTA members have collectively contributes almost US \$ 12 trillion to global GDP annually. INTA undertakes advocacy [active support] work throughout the world to advance trademarks and offers educational programs and informational and legal resources of global interest. Its head quarter in New York City, INTA also has offices in Brussels, Shanghai and Washington DC and representative in Geneva and Mumbai. This association was founded in 1878 by 17 merchants and manufacturers who saw a need for an organization. The INTA is formed to protect and promote the rights of trademark owners, to secure useful legislation (the process of making laws), and to give aid and encouragement to all efforts for the advancement and observance of trademark rights.

**World Intellectual Property Organization (WIPO)** was founded in 1883 and is specialized agency of the United Nations whose purposes are to promote intellectual property throughout the world and to administer 23 treaties (Present 26 treaties) dealing with intellectual property. WIPO is one of the 17 specialized agencies of the United Nations. It was created in 1967, to encourage creative activity, to promote the protection of Intellectual Property throughout the world. More than 175 (*Present 188*) nations are members of WIPO. Its headquarters in Geneva, Switzerland, current Director General of WIPO is *Francis Gurry* took charge on October 1, 2008. The predecessor to WIPO was the BIRPI [Bureaux for the Protection of Intellectual Property] it was established in 1893. WIPO was formally created by the convention (meeting) establishing the world intellectual Property organization which entered into force on April 26 1970.

**Berne Convention for the Protection of Literary and Artistic Works (the Berne Convention)** An International copyright treaty called the convention for the protection of Literary and Artistic works signed at Berne, Switzerland in 1886 under the leadership of *Victor Hugo* to protect literary

and artistic works. It has more than 145 member nations. The United States became a party to the Berne Convention in 1989. The Berne Convention is administered by WIPO and is based on the precept that each member nation must treat nationals of other member countries like its own nationals for purposes of copyright (the principle of “nation treatment”). In addition to establishing a system of equal treatment that internationalized copyright amongst signatories, the agreement also required member states to provide strong minimum standards for copyrights law. It was influenced by the French “right of the author”.

**Madrid Protocol** It is a legal basis is the multilateral treaties Madrid (it is a city situated in Spain) Agreement concerning the International Registration of Marks of 1891, as well as the protocol relating to the Madrid Agreement 1989. The Madrid system provides a centrally administered system of obtaining a bundle of trademark registration in separate jurisdiction. The protocol is a filing treaties and not substantive harmonization treaty. It provides a cost-effective and efficient way for trademark holder. It came into existence in 1996. It allows trademark protection for more than sixty countries, including all 25 countries of the European Union.

**Paris Convention** The Paris convention for the protection of Industrial Property, signed in Paris, France, on 20<sup>th</sup> March 1883, was one of the first Intellectual Property treaties, after a diplomatic conference in Paris, France, on 20 March 1883 by Eleven (11) countries. According to Articles 2 and 3 of this treaty, juristic (one who has through knowledge and experience of law) and natural persons who are either national of or domiciled in a state party to the convention. The convention is currently still force. The substantive provisions of the convention fall into *three main categories*: National Treatment, Priority right and Common Rules.

An applicant for a trademark has six months after filing an application in any of the more than 160 member nations to file a corresponding application in any of the other member countries of the Paris Convention and obtain the benefits of the first filing date. Similar priority is afforded for utility patent applications, although the priority period is one year rather than six months. The Paris Convention is administered by WIPO.

**North American Free Trade Agreement (NAFTA)** came into effect on January 1, 1994, and is adhered to by the United States, Canada, and Mexico. The NAFTA resulted in some changes to U.S. trademark law, primarily with regard to marks that include geographical terms. The NAFTA was built on the success of the Canada-U.S Free Trade Agreement and provided a compliment to Canada’s efforts through the WTO agreements by making deeper commitments in some key areas. This agreement has brought economic growth and rising standards of living for people in all three countries.

**General Agreement on Tariffs and Trade (GATT)** was concluded in 1994 and is adhered to by most of the major industrialized nations in the world. The most significant changes to U.S intellectual property law from GATT are that nonuse of a trademark for three years creates a presumption the mark has been abandoned and that the duration of utility patent is now twenty years from the filing date of the application (rather than seventeen years from the date the patent issued, as was previously the case).



## THE INCREASING IMPORTANCE OF INTELLECTUAL PROPERTY RIGHTS

- ❖ Protecting Intellectual Property Rights
- ❖ Technology has led to increase awareness about the IP
- ❖ Some individuals and companies offer only knowledge. Thus, computer consultant, advertising agencies, Internet companies, and software implementers sell only brainpower.
- ❖ Domain names and moving images are also be protected
- ❖ More than fifty percent of U.S. exports now depend on some form of intellectual property protection.
- ❖ The rapidity with which information can be communicated through the Internet has led to increasing challenges in the field of intellectual property.
- ❖ The most valuable assets a company owns are its Intellectual property assets
- ❖ Companies must act aggressively to protect these valuable assets from infringement (breaching, violation of law) or misuse by others
- ❖ The field of intellectual property law aims to protect the value of such investments

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## UNIT-2

### TRADE MARKS

#### Introduction

Although there was some use of trademarks or symbols in the Middle East and Far East several centuries ago, contemporary (modern) trademark law can be traced back to use of trademarks during the medieval period in Europe by merchants who sought to distinguish the goods they sold from those sold by others by applying a mark or symbol to their goods. By viewing the mark, purchasers would immediately be able to identify the craftsperson that made the goods and make an informed decision about the quality of the material. The use of symbols by medieval craftspeople to distinguish and identify their goods is the direct antecedent for the modern use of trademarks.

#### Definition of Trademark:

The modern definition of trademark is that *“it is a word, name, symbol, or device or a combination thereof, used by a person [including a business entity], or which a person has a bonafide intention to use, to identify and distinguish his or her goods from those manufactured by others and to indicate the source of those goods.”*

#### PURPOSE AND FUNCTION OF TRADEMARK

Trademarks perform two critical functions in the marketplace: [1] *they provide assurance that goods are of a certain quality and consistency, and [2] they assist consumers in making decisions about the purchase of goods.* The main purpose of trademark is to show the difference about the quality of goods and service **For example:** If a trademark such as NIKE could be counterfeited (imitating) and used by another on inferior merchandise (goods), there would be no incentive for the owners of the NIKE mark to produce high-quality shoes and to expend money establishing consumer recognition of the products offered under the NIKE marks.

Thus, protection of trademarks results in increased competition in the marketplace, with both the producer of goods and services and the consumer as the ultimate beneficiaries. Business benefit because they can reap the rewards of their investment in developing and marketing a product with one fearing another business will deceive consumer by using the same or a confusingly similar mark for like goods, and consumers benefit because they are able to identify and purchase desired and quality goods.

The value inherent in achieving consumer loyalty to a particular product or service through the maintenance of consistent quality of the products or service offered under a mark is called goodwill.

- ❖ they identify one maker's goods or services and distinguish them from those offered by others
- ❖ They indicate that all goods or services offered under the mark come from a single producer, manufacturer, or “source”
- ❖ They indicate that all goods or services offered under the mark are of consistent quality and

- ❖ They serve as an advertising device so that consumers link a product or service being offered with a mark

## TYPES OF MARKS

There are four different types of marks. They are:

1. Trademark
2. Service mark
3. Certification mark
4. Collective mark

### Trademark & Service mark

The term trademark thus refers to some physical and tangible good, and service mark refers to an intangible service, in common usage the term *trademark* is often used to refer to marks for both goods and service. The key point in this legal description is that a trademark is a visual mark that may use any combination of letters and imagery to aid a company in differentiating itself from other entities.

The purpose of a trademark is to visually represent a person, company, or product, and trademark should be designed to provide easy and definite recognition. The term **mark** will be used as a synonym for both trademark and service marks. The federal statute ((law) an act passed by a legislative body) governing trademark law, the U.S. Trademark Act (Lanham Act, found at 15 U.S.C 1051 et seq.) itself states that the term mark includes any trademark, service mark, collective mark, or certificate mark.

### A Certification mark

A certification mark is a word, name, symbol, device, or combination thereof, used by one person to certify that the goods or services of others have certain features in regard to quality, material, mode of manufacture, or some other characteristic (or that the work done on the goods or services was performed by members of a union or other organization). **For example:** Hallmark, ISO mark and in U.S Underwriters Laboratory seals of approval (*Underwriters Laboratory is the largest and best known independent, not for profit testing laboratory in the world based in Northwood, Illinois, UL conducts safety and quality tests on a broad range of products, from firedoor's to CCTV cameras seals of approval*).

### Collective Mark

A collective mark is one used by a collective membership organization, such as a labor union, fraternity, or professional society, to identify that the person displaying the mark is a member of the organization. Thus, the FUTURE FARMERS OF AMERICA and AMERICAN BAR ASSOCIATION marks indicate membership in certain organizations. A company may use several marks **For Example:** the word: COCA-COLA, the stylized WAVE DESIGN, and the slogan “THINGS GO BETTER WITH

COKE”. All of these marks are used on one product and all are protected by the Coca-Cola Company. On some occasions, companies use house marks to establish recognition in a wide range of products or service.

## ACQUISITION OF TRADEMARK RIGHTS

In most foreign countries, trademark rights arise from registering the mark with a governmental entity. The law in the United States is quite different: trademark rights arise from adoption and *use* of a mark. A person using a mark may have valid and enforceable rights in a mark even though the mark is not registered with the PTO, such an owner will have priority even over a subsequent user who has secured a federal registration for a mark with the PTO. The “use” required to establish trade mark rights is more than token use, it must be public use, while actual sales of products or services are not required, a certain level of presale activity is required. **For example:** *Sales within a company or to personal friends are insufficient to show use, while soliciting [plead for something] and accepting order is usually sufficient to show commercial use.* Thus, a person using a mark may have valid and enforceable rights in a mark even though the mark is not registered with the PTO. Such an owner will have priority even over a subsequent user who has secured a federal registration for a mark with the PTO.

Establishing a date of first use is critical for a trademark owner because priority of trademark rights is measured from this date. If one party first used of mark on September 15, 2015 and another first used a similar mark on October 15, 2015, the prior, or **senior, user** will be able to preclude the **junior user** from using a confusingly similar mark.

For a mark to be registrable, it must be based on use in commerce, meaning the type of commerce that can be regulated by Congress. Generally, the use is based on interstate commerce or commerce between states (although it could be based on commerce between the United State and a foreign country). A purely intrastate use does not provide a basis for federal registration of a mark. A purely intrastate use does not provide a basis for federal registration of a mark. The requirement of interstate (within one state) commerce is satisfied if the goods or services are advertised in more than one state, offered to citizens of more than one state, or offered on the Internet, which is considered use in commerce because it is available to a national audience through the use of telephone lines.

The general rule is that acquisition of trademark rights stem from use, there is one exception to this rule: the **intent-to-use application**. Until 1989, the United States was one of only two countries in the world that required that a mark be in actual use before an owner could file an application to register it. After an applicant had begun using the mark and then filed an application, the PTO might refuse registration of the mark on the basis it was confusingly similar to a prior mark or was subject to some other defect. The applicant would then have invested substantial money and time in developing the mark, in using it in commerce, marketing and advertising, and in applying for registration, only to be told the mark was unregistrable. **To remedy this situation**, the Trademark Law Revision Act of 1988 allowed persons to file applications for marks based on a bona fide intent to use the mark in commerce in the future. If the PTO determines the mark is unregistrable, the applicant will not have expended any sums other than the PTO filing fee and can readily file another application for a new mark. Once the mark proceeds to

registration, priority is measured from the date the intent-to-use-application was filed, even though that filing date may precede actual use in commerce by more than three years.

Minimal or token use cannot serve as the basis for securing or maintaining a registration, ensuring that an owner does not reserve or “warehouse” a mark by making only sporadic use of it with the intent to block others from using it rather than having a true commercial intent to exploit the mark for sales. The PTO desires to clear its records of unused marks, or “deadwood”, so that such unused marks may be available by others. The use required is “bonafide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark”, 15 U.S.C 1127.

## **COMMON LAW RIGHTS, FEDERAL REGISTRATION UNDER THE LANHAM ACT, LAWS AND TREATIES GOVERNING TRADEMARKS, AND STATE TRADEMARK RIGHTS**

### **Common Law Rights**

The United States, trademark rights arise from use of a mark. It is not necessary to secure permission or registration from any governmental entity to acquire trademark rights. A party who is using a mark without any such governmental registration is said to have a **common law trademark**, it can be enforced in any geographical area in which the mark is used.

### **Federal Registration**

Although there is no requirement that a trademark owner apply for a secure federal registration of mark with the PTO, registration on the PTO’s Principal Register does offer several advantages:

- ❖ nationwide constructive use effective from the filing date of the application (the public assumed to have notice that the registrant has nationwide priority in the use of its mark as of this date)
- ❖ nationwide notice to the public of an owner’s claim to a mark, thereby precluding a later user from claiming it used a mark in good faith in a remote territory and should be able to continue use;
- ❖ the ability to bar importance of goods bearing infringing trademarks
- ❖ the right under the Paris Convention to obtain a registration in various foreign countries based upon the U.S. registration;
- ❖ the right to bring an action in federal court for trademark infringement and recover lost profits, damages, costs, and possibly triple damages and attorney’s fees
- ❖ incontestable status of the registration after five years of continuous use subsequent to the registration
- ❖ the right to use the registration symbol with the mark
- ❖ a possible basis to claim priority to an Internet domain name and
- ❖ prima facie (literally, “on its face”) evidence of the validity of the registration, the registrant’s ownership of the mark, and the registrant’s exclusive right to use the mark in connection with the identified goods and services.

## Laws and Treaties Governing Trademark

**There are several laws and treaties governing trademark, including the following:**

**Lanham Act** The federal statute governing trademark rights is the **Lanham Act** (also called the United States Trademark Act and found at 15 U.S.C § 1051 et seq.), enacted in 1946 and named for Congressman Fritz Garland Lanham (D.Tex.), the then chair of the House Patent Committee (which also proposed legislation relating to trademarks) who introduced the legislation. In addition to providing for federal trademark protection, the Lanham Act also includes statutes prohibiting unfair competition. The Lanham Act has been amended numerous times. Perhaps the most significant amendment occurred with the Trademark Law Revision Act of 1988, which provided the following two critical changes: allowing for a trademark application based on the applicant's intent to use a mark in the future. Rules of practice and procedure relating to trademarks are found at Title 37 of the Code of Federal Regulation (C.F.R).

**North American Free Trade Agreement (NAFTA)** came into effect on January 1, 1994, and is adhered to by the United States, Canada, and Mexico. The NAFTA resulted in some changes to U.S. trademark law, primarily with regard to marks that include geographical terms. The NAFTA was built on the success of the Canada-U.S Free Trade Agreement and provided a compliment to Canada's efforts through the WTO agreements by making deeper commitments in some key areas. This agreement has brought economic growth and rising standards of living for people in all three countries.

**Madrid Protocol** It is a legal basis is the multilateral treaties Madrid (it is a city situated in Spain) Agreement concerning the International Registration of Marks of 1891, as well as the protocol relating to the Madrid Agreement 1989. The Madrid system provides a centrally administered system of obtaining a bundle of trademark registration in separate jurisdiction. The protocol is a filing treaties and not substantive harmonization treaty. It provides a cost-effective and efficient way for trademark holder. It came into existence in 1996. It allows trademark protection for more than sixty countries, including all 25 countries of the European Union.

**Trade-Related aspects of Intellectual Property Rights (TRIPs)** is an international agreement administered by the World Trade Organization (WTO) that sets down minimum standards for many forms of intellectual property (IP) regulation as applied to nationals of other WTO Members. It was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994.

The Doha declaration is a WTO statement that clarifies the scope of TRIPS, stating for example that TRIPS can and should be interpreted in light of the goal "to promote access to medicines for all." Specifically, TRIPS requires WTO members to provide copyright rights, covering content producers including performers, producers of sound recordings and broadcasting organizations; geographical indications, including appellations of origin; industrial designs; integrated circuit layout-designs; patents; new plant varieties; trademarks; trade dress; and undisclosed or confidential information. TRIPS also specifies enforcement procedures, remedies, and dispute resolution procedures.

**Trademark Law Treaty Implementation Act (TLTIA)** effective in late 1998 simplified several requirements relating to trademark registration and maintenance. **For example:** at present, the applicant need only submit one specimen showing how a mark is used rather than three, as was previously required. Additionally, a trademark applicant need no longer state the manner in which the mark is used. Finally, TLTIA established a six month grace period for filing a renewal for a trademark registration.

**Federal Trademark Dilution Act** The **Federal Trademark Dilution Act of 1995** is a United States federal law which protects famous trademarks from uses that dilute their distinctiveness, even in the absence of any likelihood of confusion or competition. It went into effect on January 16, 1996. This act has been largely supplanted by the Trademark Dilution Revision Act of 2006 (TDRA), signed into law on October 6, 2006.

**Anticybersquatting Consumer Protection Act.** 15 U.S.C. § 1125(d), is an American law enacted in 1999 that established a cause of action for registering, trafficking in, or using a domain name confusingly similar to, or dilutive of, a trademark or personal name. The law was designed to thwart “cybersquatters” who register Internet domain names containing trademarks with no intention of creating a legitimate web site, but instead plan to sell the domain name to the trademark owner or a third party. Critics of the ACPA complain about the non-global scope of the Act and its potential to restrict free speech, while others dispute these complaints. Before the ACPA was enacted, trademark owners relied heavily on the Federal Trademark Dilution Act (FTDA) to sue domain name registrants. The FTDA was enacted in 1995 in part with the intent to curb domain name abuses. The legislative history of the FTDA specifically mentions that trademark dilution in domain names was a matter of Congressional concern motivating the Act. Senator Leahy stated that “it is my hope that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others”.

## **CATEGORIES OF MARKS**

Although marks can consist of words, symbols, designs, slogans, or a combination thereof, not every term is protectable. Even among marks that are protectable, some marks are stronger than other. In determining strength of marks, courts recognize several categories of marks. In ascending order of strength and protectability, the five categories are:

- ❖ **A Generic Mark** Generic "marks" are devices which actually name a product and are incapable of functioning as a trademark. Unlike descriptive marks, generic devices will not become a trademark even if they are advertised so heavily that secondary meaning can be proven in the mind of consumers. The rationale for creating the category of generic marks is that no manufacturer or service provider should be given exclusive right to use words that generically identify a product. A valid trademark can become generic if the consuming public misuses the mark sufficiently for the mark to become the generic name for the product. The prime examples of former trademarks that became the generic name for a product are ASPIRIN, XEROX and CELLOPHANE.

- ❖ **A Descriptive mark** (or more properly, "merely descriptive marks") are devices which merely describe the services or goods on which the mark is used. If a device is merely descriptive, it is not a mark at all, since it does not serve to identify the source of the goods or services. No trademark rights are granted to merely descriptive marks. Misdescriptive marks are equally weak. As explained in connection with suggestive marks above, descriptive marks are often difficult to distinguish from suggestive marks. Suggestive marks require some imagination, thought, or perception to reach a conclusion as to the nature of the goods. Descriptive marks allow one to reach that conclusion without such imagination, thought or perception. Putting this distinction into practice can be very difficult. Merely descriptive marks can be registered federally on the Supplemental Register (see the Bit Law discussion on federal registration of trademarks for more information). The descriptive mark will not register in PTO until the consumer links the mark with a single source. That learned association is called **Secondary meaning** or acquired distinctiveness. The PTO assumes that secondary meaning has been acquired after five years of consecutive and exclusive use of a mark. Secondary meaning can be demonstrated by a significant level of advertising, sales and consumer survey evidence, to prove that when consumer encounter a mark.

**For Example:** The following imaginary marks could be considered merely descriptive for computer peripherals:

- ✓ FAST BAUD for modems (describing the quickness of the modem);
- ✓ 104 KEY for computer keyboards (describing the number of keys on a keyboard);
- ✓ LIGHT for portable computers (describing the computer's weight); and
- ✓ TUBELESS for computer monitors (even if misdescriptive for a monitor that contains tubes).

- ❖ **A Suggestive mark** are marks that suggest a quality or characteristic of the goods and services. Despite the fact that suggestive marks are not as strong as fanciful or arbitrary marks, suggestive marks are far more common due to the inherent marketing advantage of tying a mark to the product in a customer's mind. Suggestive marks are often difficult to distinguish from descriptive marks (described below), since both are intended to refer to the goods and services in question. Suggestive marks require some imagination, thought, or perception to reach a conclusion as to the nature of the goods. Descriptive marks allow one to reach that conclusion without such imagination, thought or perception. Putting this distinction into practice clearly is one of the most difficult and disputed areas of trademark law.

**The following marks can be considered suggestive:**

- ✓ MICROSOFT (suggestive of software for microcomputers)
- ✓ NETSCAPE (suggestive of software which allows traversing the "landscape" of the Internet)



✓ SILICON GRAPHICS (suggestive of graphic oriented computers)

- ❖ **Arbitrary Marks** An arbitrary mark utilizes a device having a common meaning that has no relation to the goods or services being sold.

**Examples of arbitrary marks include:**

- ✓ APPLE (for computers)
- ✓ LOTUS (for software)
- ✓ SUN (for computers)
- ✓ CROWN (For Television)

- ❖ **Fanciful Marks** are devices which have been invented for the sole purpose of functioning as a trademark and have no other meaning than acting as a mark. Fanciful marks are considered to be the strongest type of mark. Examples of fanciful marks are: EXXON, KODAK and XEROX.

## PROTECTABLE MATTER

### Slogans, Letters and Numbers

A word or other groupings of letters is the most common type of mark **For Examples:** APPLE, SILICON, GRAPHICS, NETSCAPE, IBM, NBC. Slogans from advertising campaigns are also used as trademarks. Example slogans which have strong trademark rights attached **For Example:**



Nike

Alphanumeric symbols (letters and numbers) may be protectable as long as they are not merely descriptive. If the numbers or letters describe something about the product or service offered under the mark, however, they will not be registrable unless proof of secondary meaning is shown. Thus, the mark “VT220” for computer hardware peripherals was held merely descriptive and unregistrable because “VT” Video Terminal and 220 was a mere model number.

### Logos and Symbols

Logos are probably the next most common form of mark. A logo can be described as a design which becomes a mark when used in close association with the goods or services being marketed. The logo mark does not need to be elaborate; it need only distinguish goods and services sold under the mark from other goods and services. Examples of logo marks are:

McDonald's double arches:



NBC's peacock style design:



Apple Computer's Apple:



## Names of performing Artists

A mark that merely serves to identify an artist or entertainer is not registrable. However, if the owner of the mark has controlled the quality of the goods or services, and the name of the artist or group has been used numerous times on different records (thereby representing an assurance of quality to the public), the name may be registered as a trademark. Thus, GOO GOO DOLLS and BOB BYLAN have been registered for musical sound recordings.

## Domain Names

Domain names, for example, [www.ibm.com](http://www.ibm.com), are registrable as trademark or service marks only if they function as an identification of the source of goods and service. Thus, [www.oakwood.com](http://www.oakwood.com) has been registered for real estate leasing service and [www.eilberg.com](http://www.eilberg.com) was refused registration because the mark merely indicated the location on the Internet where the applicant's web site appeared and it did not separately identify the applicant's legal services. Another complication with domain name registration is that the PTO has held that businesses that create a web site for the sole purpose of advertising their own products or services cannot register a domain name used to identify that activity. Thus, [www.amazon.com](http://www.amazon.com) is registered for providing online chat rooms and bulletin boards. It is not registered in connection with offering books or other goods for sale.

## Shapes and Containers

A product or container shape can also serve a source identifying function and therefore can be an enforceable trademark. A product or container shape may also be subject to a design patent (see the BitLaw discussion of design patents to see an analysis of the similarities and differences between design patents and trademark protection for product shapes). Historically, trademark protection was not granted to product shapes until the consuming public recognized the shape as indicating the source of the product. In other words, the product shape was required to obtain secondary meaning. However, recent court decisions may mean that an inherently distinctive product shape can be a protectable trademark even before secondary meaning is obtained. Examples of product shapes and configurations that likely enjoy trademark status include:

## Coca-Cola Bottle



## Apple's iPod



## Trade Dress

Trade dress is the overall commercial image (look and feel) of a product or service that indicates or identifies the source of the product or service and distinguishes it from those of others. It may include the design or configuration of a product; the labeling and packaging of goods; and/or the décor or environment in which services are provided. Trade dress can consist of such elements as size, shape, color and texture to the extent such elements are not functional. In many countries, trade dress is referred to as “get-up” or “product design”. Only nonfunctional trade dress can be protected. Because trade dress is often protected through the law of unfair competition.

## Color

The color of an item can also function as a trademark. The Supreme Court held in the 1995 case of *Qualitex Co. v. Jacobson Products Co.*, 115 S.Ct. 1300 (1995) that the green-gold color of a dry cleaning press pad can function as a trademark. Before this decision, the argument was often made that color alone could not be considered a trademark, since granting trademark status to colors would soon lead to the depletion of the number of colors available for an object. The Court in *Qualitex* rejected arguments based on this depletion theory, reasoning that alternative colors would usually be available for competitors. In those cases where alternative colors were not available, courts could deny trademark protection in those circumstances where color depletion may actually occur

## Fragrances, Sounds, and Moving Images

A sound can also be a trademark or a service mark. The three tone chime of NBC has been registered as a service mark. Sound trademarks recently were in the news when Harley-Davidson announced that it was attempting to register the exhaust sound of a Harley-Davidson motorcycle with the U.S. Patent and Trademark Office (USPTO). Harley-Davidson was reacting to moves by competitors to duplicate the Harley sound in competing motorcycles. Hearings in front of the USPTO have been scheduled to determine whether Harley-Davidson can register the sound. A fragrance can function as trademark if it is distinctive and not functional. **For example:** in *In re Clarke*, 17 U.S.P.Q.2d 1238 (T.T.A.B.1990), a floral fragrance was allowed as a trademark for sewing thread and embroidery yarn and was not functional when used in connection with those goods. The roar of the MGM lion and Woody Woodpecker’s distinctive laugh are

also registered. Finally, the Internet has given rise to applications for marks that consist of moving images, such as Microsoft company's spinning EXPLORER GLOBE.

## Design and Ornamentation

A design can function as a trademark as long as it is distinctive rather than merely functional or ornamental. Some designs are protected on their own, such as Nike's famous "swoosh" design, the alligator that appears on shirts, and Betty Crocker's spoon. If the design is merely background material, however, and does not create a separate commercial impression, or if it consists solely of some simple geometric shape, such as an oval or square, it cannot be protected without proof of secondary meaning. **For example**, the PTO refused registration of two parallel colored bands placed at the top of socks as pure ornamentation. Merely decorative subject matter and pure ornamentation cannot be registered because they do not identify and distinguish goods or services and thus cannot function as trademark.

## Serialized Literary and Movie Titles

The title of a single book or movie title is generally not protectable. The title of a serialized work, such as THE BRADY BUNCH or NEWSWEEK, however, can be protected as a trademark or service mark.

## Insignia

Flags, coats of arms, and other insignia of the United States or any state or any foreign nation cannot be registered.

## Picture and Drawings

Pictures or drawings of a character or scene are often used as trademarks or service marks.

### Corning's Pink Panther



### Sun Microcomputer, Inc.'s Duke



### MSN's Butterfly





## SELECTING AND EVALUATING A TRADEMARK

### Selecting a Mark

The selection of mark occurs in a variety of ways.

- ❖ companies hold contests and encourages employees to create a mark for a new product line or service
- ❖ Companies engage sophisticated research
- ❖ Branding firms that will conduct surveys and create a mark and a logo or design for the company.
- ❖ There are name creation software programs that help individuals and companies create marks

Once the mark is selected, it must be screened and evaluated for use and registrability, if failed then it leads to wastage in expenditure of time and money in advertising, using, and applying for a mark that is rejected for registration by the PTO or, in the worst case scenario, might subject the owner to damages for trademark infringement and unfair competition.

### Reviewing a Proposed Mark

Once a mark is selected, it should be carefully scrutinized to ensure that it will not be excluded from protection under the Lanham Act.

- ❖ Firstly they have check whether the mark contains scandalous (giving offence to moral sensibilities and injurious to reputation)
- ❖ Whether consent from a living person will be required,
- ❖ Whether the mark is generic,
- ❖ Whether it is statutorily protected
- ❖ Whether the mark is descriptive of some feature of the goods and services offered under the mark,
- ❖ It also see that the mark includes foreign terms
- ❖ Many law firms specializing in trademark work use a questionnaire form or data sheet to gather questionnaire form or data sheet to gather basic information from clients about their marks

## THE TRADEMARK SEARCH

### Scope of search

- ❖ There are a variety of sources that can be reviewed to locate potentially conflicting marks
- ❖ There are literally millions of marks registered or applied for at the PTO, and thousands of journals, trade magazines, directories, telephone books, Internet sources, state records, and state trademark

registrations that might contain other marks or business names, a computer assisted or online search is the most effective method of searching.

- ❖ Both LEXIS and WESTLAW, the computer-assisted legal research system, offer access to vast databases that may point out conflicts.
- ❖ One of the best known databases is TRADEMARKSCAN product OF Thomson & Thomson.

## Conducting the trademark search

The trademark searching is a two-step process:

- ❖ *a preliminary search* is conducted of the records of the PTO to make a quick determination as to whether the mark may be available or whether there is conflict that would preclude use of the mark. It is also called a **knockout search**.
- ❖ If the results of the preliminary or knockout search indicate a mark may be available, a comprehensive search of other sources (including state trademark records, telephone directories, Internet records, and trade journals) is then conducted.

### Step One: The Preliminary Search

There are a variety of sources that can be used to conduct an initial trademark search, including online subscription services, CD-ROM, the Patent and Trademark Depository Libraries, and the PTO website search services. Following are some resources commonly used for conducting a preliminary search:

#### *Electronic Database and CD-ROM*

- ❖ TRADEMARKSCAN is a database owned by Thomson & Thomson, a renowned trademark search firm, which provides information on all active registered trademarks and service marks. The TRADEAMRKSCAN database is primarily used as a quick screening tool to determine the availability of a new mark.
- ❖ DIALOG is another database offered by Thomson & Thomson. Its database includes trademarks from the United States plus numerous foreign countries as well as patent and copyright information. It provides online training and practice and free practice searching at the following web site: <http://training.dialog.com/onlinecourses/trademarks/>.
- ❖ SAEGIS is an entire suite of services provided by Thomson & Thomson that allows online worldwide trademark searching as well as searching of domain name registries and websites to locate common law uses of proposed marks.
- ❖ TRADEMARK.COM is an online search service offered by Micro Patent LLC, offering a variety of searchable databases, including federal marks, and common law uses of potentially conflicting marks.
- ❖ LEXIS and WESTLAW, the computer-assisted research system, offer access to vast trademark databases that may disclose potentially conflicting marks.

Many law firms subscribe to one or more of these services so they can perform an initial screening search in-house.

**PTO Web Site :** Perhaps the easiest and least expensive way to conduct a very preliminary search is to review the records of the PTO (<http://www.uspto.gov>) and its free public searching called *Trademark Electronic Search System (TESS)*.

### **Step Two: The Comprehensive Search**

A separate professional trademark search firm is existing for the companies when their need of searching the trademark. These companies review the records of the PTO (go through existing and pending application), review state trademark office records for state trademark registration, and they perform a “common law” search of various journals, directories, press releases, domain names and Internet references to locate unregistered names and marks.

These professional search firms can save considerable time and money and more importantly, provide a more thorough search than that which an individual can conduct on his or her own, they also check for identical and phonetically equivalent marks for similar goods and services and will also check for foreign equivalents. They will charge for the searching of the marks. The report is typically divided into three sections: results gained from reviewing PTO registrations and applications; results gained from reviewing state trademark records; and the common law results.

## **TRADEMARK REGISTRATION PROCESSES**

### **Preparing the application**

- ❖ Once a mark has been selected and evaluated for use and registrability, an application for federal registration of the mark should be prepared and filed.
- ❖ An application is provided by PTO
  - ✓ The name of the applicant
  - ✓ The citizenship of the applicant
  - ✓ The address of the applicant
  - ✓ The address of the applicant
  - ✓ An identification of the goods and or services offered under the mark
  - ✓ A drawing of the mark
  - ✓ A verification or declaration signed by the applicant or agent or attorney
- ❖ The application is based on actual use of the mark or the owner's intent to use the mark.
- ❖ The process of moving an application through the PTO is called prosecution [(law) the institution and conduct of legal proceedings against a defendant for criminal behavior]
- ❖ The application must be in English.
- ❖ Electronically filed applications are provided by the PTO
- ❖ Self application is also prepared as the letter size (namely 8 ½ inches by 11 inches) paper, typewriter, double-spaced, with margins of at least 1 ½ inches at the left and top of the pages.
- ❖ The application should be written on only one side of the paper.

- ❖ The filing and prosecution of trademark application are governed by the TMEP [Trademark Manual of Examination Procedure]
- ❖ The PTO introduced an electronic filing system in 1998.
- ❖ The Trademark Electronic Application System [TEAS]. Permits applicants to file numerous documents electronically.
- ❖ PTO considers the electronically filed document after transmission.

## The applicant

- ❖ The mark can be made only by the owner of the mark or, in the case of intent –to-use application, by a person who has a bonafide to use the mark in commerce.
- ❖ Application may be natural persons or business entities such as corporation, partnership, association, unions or other organization.
- ❖ Government entities such as nations, states municipalities and other governmental bodies.
- ❖ The applicant name must be in correct legal form
- ❖ A mark should be identified in the application by the name set forth in its articles of incorporation.
- ❖ Clients often make mistakes in their corporate names or in the punctuation
- ❖ The certificate of registration will issue in the name of the application as set forth in the application
- ❖ If the application is a person or business that conducts business under a fictitious [fake] business name, the application will be rejected.
- ❖ The applicant is a partnership **For example:** “Balboa Gardens Partnership”, the application should be made by the partnership itself and the state in which the partnership was organized.
- ❖ A trademark or service mark application is usually filed in the name of one party.
- ❖ The PTO has been reluctant [unwilling] to accept application by joint applicants.
- ❖ A joint venture or a partnership cannot be joint applicants

## Identification of Goods or Services

The application must identify the goods and/or services offered or to be offered under the mark that is the subject of the application. Careful consideration must be given to drafting this part of the application. Goods and services are categorized by the PTO into forty-five separate classes, called **International Classes** because many other nations use this same classification system established by WIPO. Until 1973, the PTO used a different classification scheme, called the United States Classification Scheme. Each class requires a filing fee of \$335.

A detailed listing of the International Classes with numerous examples is found in Chapter 1400 of TMEP, available on the PTO’s web site. If a mark is used for more than one class of goods or services, the applicant may either file a combined application, listing all of the goods and services. Some attorneys prefer to file separate application believing that a defect in regard to one class of goods or services in a combined application will hold up registration for the mark in all class.



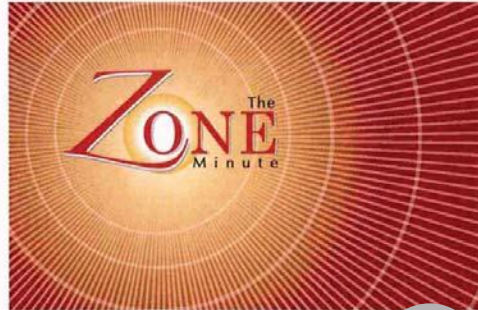
The PTO requires that the identification of goods or services be as clear, accurate and concise as possible. Once the application filed, no other item can be added in the process of registration, a separate application should be applied.

## **REGISTRATION**

- ❖ A registration will issue about twelve weeks after publication in the official gazette
- ❖ If no notice of opposition is filed to the application
- ❖ For an ITU [Intent-to-Use] application registration will occur after publication in the official Gazette.
- ❖ The PTO will issue a certificate of registration for the mark
- ❖ The term of the registration is presently ten years from the date the mark is registered [for registration issued before November 16, 1989, the term is twenty years]
- ❖ “TM” for Trademark & SM for service mark.

# United States of America

United States Patent and Trademark Office



**Reg. No. 3,665,378** WISDOM TO GO, INC. (CALIFORNIA CORPORATION) Registered Aug. 11, 2009 1829 WEST LYDIA LANE PHOENIX, AZ 85041

**Int. Cls.: 41 and 45** FOR: PERSONAL COACHING SERVICES IN THE FIELD OF SELF-IMPROVEMENT; EDUCATIONAL SERVICES, ~~NAMES~~, CONDUCTING SEMINARS AND WORKSHOPS IN THE FIELD OF SELF IMPROVEMENT; ENTERTAINMENT IN THE NATURE OF ON-GOING SERVICE MARK **DRA O** TELEVISION ANPR DI OGRAMS IN THE FIELD OF SELF-IMPROVEMENT, IN CLASS 41 (U.S. CLS. 100, 101 AND 107).  
PRINCIPAL REGISTER

FIRST USE 1-19-2007; IN COMMERCE 1-19-2007.

**FOR: PERSONAL ENRICHMENT SERVICES, NAMELY, PROVIDING SELF IMPROVEMENT COUNSELING; PROVIDING INFORMATION IN THE FIELD OF SELF-IMPROVEMENT VIA THE INTERNET AND PORTABLE MEDIUMS INCLUDING CELL PHONES AND VIDEO PHONES, IN CLASS 45 (U.S. CLS. 100 AND 101).**

FIRST USE 1-19-2007; IN COMMERCE 1-19-2007.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "ONE MINUTE", APART FROM THE MARK AS SHOWN.

THE COLOR(S) BLACK, RED, WHITE, GOLD, YELLOW, RUST AND MAGENTA IS/ARE CLAIMED AS A FEATURE OF THE MARK.



THE MARK CONSISTS OF THE WORDING "THE ONE MINUTE ZONE", WITH THE LETTERS "ONE" FORMING BOTH "ONE" AND PART OF THE WORD "ZONE", AND A SUN DESIGN RADIATING OUT FROM THE CENTER OF THE LETTER "O". THE COLORS BLACK, RED, WHITE, GOLD, YELLOW, RUST AND MAGENTA ARE CLAIMED AS A FEATURE OF THE MARK. THE WORDS "THE" AND "MINUTE" ARE IN THE COLOR BLACK, THE LETTER "Z" AND THE LETTERS "ONE" ARE IN THE COLOR RED AND OUTLINED IN THE COLOR WHITE, THE CENTER OF THE SUN DESIGN IN THE LETTER "O" IS IN THE COLOR WHITE, THE OUTER SUN DESIGN IS IN THE COLOR GOLD, AND THE LINES RADIATING FROM THE SUN DESIGN ARE IN THE COLORS YELLOW, GOLD, RUST AND MAGENTA.

*David J. Kappas*

SER. NO. 76-683,444, FILED 10-29-2007.

JOHN GARTNER, EXAMINING ATTORNEY

Director of the United States Patent and Trademark Office

\* Note: The seal will be a gold, embossed seal similar to what appears on the current cover bind.

**REQUIREMENTS TO MAINTAIN YOUR  
FEDERAL TRADEMARK REGISTRATION**

**WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT**

**FILE THE DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.**

**Requirements in the First /Ten Years**

**\* What and When to File:**

- **First Filing Deadline:** You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §1058. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.
- **Second Filing Deadline:** You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date. *See* 15 U.S.C. §1059.

**Requirements in Successive Ten Year Periods**

**\* What and When to File:**

- You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period calculated **from the registration date**.

**Grace Period Filings\***

The above documents will be accepted as timely if filed **six-months** after the deadlines listed above with the payment of an additional fee.

**The United States Patent and Trademark Office (USPTO) will NOT send you any future notice or reminder of these filing requirements.**

**\*ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must also timely file the Declarations of Use (or Excusable Nonuse) referenced above at the USPTO based on the U.S. registration date (not the international registration date). However, the grace periods for these registrations are different, as is the time period for filing the declarations of use due every ten years after the registration date. The declarations due every ten years must be filed within six-months before expiration of the ten year period. In addition, there is no grace period for the declaration due between the 5th and 6th years after the registration date, and there is a three-month grace period for the declarations due every ten years. *See* 15 U.S.C. §1141k. Further, owners of these registrations do not file renewal applications at the USPTO, but instead must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

**NOTE:** Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. You can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.

**\* Note:** The seal will be a gold, embossed seal similar to what appears on the current cover bind

# UNIT-3

## COPYRIGHTS

### Introduction

Every year millions of Americans create original works like books, music, research and other forms of creative expression. All these creation are Intellectual Property and all of them are protected by copyright. Writers, editors and publishers, understanding copyrights issues are essential. Especially now that the production of counterfeit [imitating] and pirated goods, including written works, has become so prevalent.

In 2005 more than \$600 billion in pirated and counterfeited goods were recognized by WCO [World Customs Organization]. Now-a-days the internet has made copying and distributing protected material easier than ever before for avoiding copying the material. So, in order to protect yourself from IP theft, it's important to know the basics about rights.

### Definition

“The legal protection given to published works forbidding anyone but the author from publishing or selling them. An author can transfer the copyright to another person or corporation, such as a publishing company.”

### What is a Copyright?

- ❖ Copyright is a form of protection provided by U.S. Law to the authors of “**Original Works of Authorship**” fixed in any tangible medium of expression.
- ❖ The manner and medium of fixation are virtually unlimited.
- ❖ Creative expression may be captured in words, number, notes, sounds, pictures or any other graphic or symbolic media.
- ❖ The subject matter of copyright is extremely broad, including literary, dramatic, musical, artistic, audiovisual and architectural works.
- ❖ Copyright protection is available for both published and unpublished works.

### History

- ❖ In England prompted the first insistence upon protection for publication of books
- ❖ Bookbinders and printers demanded protection from copying of books.
- ❖ Authors also began to demand protection from unauthorized copying and demanded to share in the financial rewards
- ❖ Finally, in 1710, parliament enacted the first copyright statute [Act/law], the Statute of Anne [Named after Anne, Queen of Great Britain, the Statute become the foundation for British and American Copyright Law]

- ❖ The first copyright law is enacted under the new U.S. Constitution, Protecting books maps and charts for 14 years with privilege of renewal for another 14 years
- ❖ Copy right registration is made in the U.S. district court where the author or proprietor resides.
- ❖ The first copyright entry, “The Philadelphia Spelling Book” by John Barry, is registered in U.S. District court of Pennsylvania. Protection is for 14 years with a renewal period of author 14 years.

## Common Law Right

- ❖ The enacted the first copyright act in 1790 and the first federal copyright registration were issued.
- ❖ Until January1, 1978 [the effective date of the 1976 copyright Act] the U.S had a dual system of copyright protection.
- ❖ Until 1978, an author has a perpetual common law right to their unpublished works.
- ❖ Once the work was published, however, the common law perpetual copyright was extinguished and protection was afforded by virtue [quality] of the 1909 act, provide protection up to fifty-six years.
- ❖ Publication is the distribution of copies of a work to the public for sale or other transfer of ownership, by rental lease, or lending.
- ❖ The dual nature of copyright protection was complex, often led to controversy
- ❖ The 1976 act eliminated the distinction between unpublished and published works.

**For Example:** Ernest Heming way’s a farewell to Arms [Published in 1929], are governed by the act in existence on the date of their publication. Heingway’s book would thus be governed by the 1909 act.

- ❖ Just as trademark rights arise from use and not from registration with PTO
- ❖ A copyright registration from the copyright office provides certain advantages to author’s of work, including the following.
  - ✓ Registration establishes a public record of the copyright claim
  - ✓ Before an infringement suit may be filed in court, registration is necessary for works of U.S origin
  - ✓ If made before or within five years of publication, registration will establish Primafacie evidence in court of the validity of the copyright and of the facts stated in the certificate and
  - ✓ If registration is made within three months after publication of the work or prior to an infringement of the work, statutory damages and attorney’s fee will be available to the copyright owner in court action
- ❖ Copyright protection generally lasts until seventy years from the death of the author.
- ❖ The 1976 copyright act is found at 17 U.S.C. §§101-1101 and it was amended for several times.

- ❖ In 1980, specific protection was afforded to computer programs as works entitled to copyright protection.
- ❖ Copyright Act © represents
- ❖ Another 1998 amendment to copyright law is the Digital Millennium Copyright act.

### **The United States Copyright Office:**

Register of Copyright,  
 Copyrights office,  
 Library of Congress,  
 101 Independence Avenue SE,  
 Washington,  
 DC 20559-6000

- ❖ The copyright office is not permitted to give legal advice and will not offer guidance on matter such as disputes, suits against possible infringers or other matters related to copyright.
- ❖ Among the more useful publications and materials are the following:
  - ✓ Forms for copyright registration
  - ✓ Circular 1, “Copyright Basics”,
  - ✓ Circular 2, “Publication on copyrights”,
  - ✓ Circular 3, “Copyright Notice”,
  - ✓ Circular 4, “Copyright Fees”
  - ✓ Circular 15, “Renewal of Copyright”
  - ✓ Circular 15a, “Duration of Copyright”; and
  - ✓ Circular 38a, “International copyright Relations of the United States”; and
  - ✓ Circular 61, “Copyright Registration for computer Programs”

*To order copyright publications, write to:*

**Library of Congress,  
 Copyright Office,  
 Publication section,  
 LM-455,  
 101 Independence Avenue SE,  
 Washington-DC20559-6000**

- ❖ Circulars and announcements are available via facsimile
- ❖ If you do not know the document number of the items you want, you may request that a menu be faxed to you
- ❖ All the data pertaining to copyrights are available in Internet
- ❖ The copyright office provides a free electronic mailing list, “NewsNet”, that issues periodic e-mail messages on copyright issues
- ❖ Copyright office process the application via electronically

## Originality of Material:

### Introduction

- ❖ The limits of copyrightability are dictated [command] by federal statute
- ❖ According to 17 U.S.C § 102, copyright protection exists in original works [tangible medium]

Thus, there are three basic requirements for copyrightability:

1. A work must be original
2. A work must be fixed in a tangible form of expression; and
3. A work must be a work of authorship

### Originality of Material

- ❖ To be eligible for copyright protection
  - ★ Material must be original
  - ★ Meaning
  - ★ Independently created
  - ★ Posses a modicum of creativity
  - ★ It should not confused with novelty, worthiness or aesthetic [dealing with beauty] appeal
- ❖ “Originality” thus does not mean “first”, it merely means “independently created”,
- ❖ A slight amount of “creative spark”.

### Fixation of Material :(17U.S.C. § 101

- ❖ The copyright act protects works of authorship that are “fixed in any tangible medium of expression”.
- ❖ A work is “fixed”:
  - ✓ When it is embodied [existing in broad form]
  - ✓ Phonorecord and is sufficiently permanent
  - ✓ Stable to permit it to be perceived, reproduced or communicated for a period of more than transistory [temporary] duration
- ❖ Thus there are two tangible categories
  - ✓ Copies: A copy is a material object from which a work can be perceived, reproduced or communicated, either directly by human perception or with the help of a machine.
  - ✓ Phonorecord: A Phonorecord is a material object in which sounds are fixed and from which the sounds can be perceived, reproduced or communicated either directly by human perception or with the help of a machine.

## Works of Authorship: (17 U.S.C § 102)

- ❖ The copyright act provides that copyright protection subsists [support oneself] in original works of authorship fixed in any tangible medium of expression, now known or hereafter developed, from which they can be perceived, reproduced or otherwise communicated.
- ❖ The list is preceded by the phrase that works of authorship “include” those categories, demonstrating that the listed categories are not only types of works that can be protected, but are illustrate only
  - ✓ Literary works
  - ✓ Musical works
  - ✓ Dramatic works
  - ✓ Pantomimes and choreographic works
  - ✓ Pictorial, graphic and sculptural works
  - ✓ Motion pictures and other audiovisual works
  - ✓ Sound recording and
  - ✓ Architectural works

## Exclusions from copyright protection:

- ❖ **Not all works are protected by copyright**
  - ✓ Ideas, Methods, or System
  - ✓ Blank forms, Titles, short phrases and common property
  - ✓ Public domain works
  - ✓ Facts
  - ✓ Computing and measuring devices

## The Rights afforded by copyright law:

### Introduction

- ❖ The copyright act provides that, subject to certain exceptions, the owner of a copyrights has the exclusive rights to do and to authorize any of the following:
  - ✓ To reproduce the copyrighted work in copies or phonorecords
  - ✓ To prepare derivative works based on the copyrighted work
  - ✓ To distribute copies or phonorecords of the copyrighted work to the public
  - ✓ To perform the copyrighted work publicly
  - ✓ To display the copyrighted work publicly
  - ✓ To perform the copyrighted work publicly by means of a digital audio transmission
  - ✓ Unless exemption exists, unauthorized exercise of any of these rights by another is an infringement.
  - ✓ *These exclusive rights, usually referred to as a “bundle”*



## Rights of Reproduction:

- ❖ The most fundamental of the rights granted to copyright owners is the right to reproduce the work
- ❖ A violation of the copyright act occurs whether or not the violator profits by the reproduction
- ❖ Only the owner has the right to reproduce the work
- ❖ Secretly taping a concert, taking pictures at a performance, or recording all violate the owner's right to reproduce
- ❖ The suggestion of congress, in 1978 a group of authors, publishers and users established a not-for-profit entity called Copyright Clearance Center [CCC]
- ❖ CCC grants licenses to academic, government and corporate users to copy and distribute the works
- ❖ It collects royalty fees, which are distributed to the authors
- ❖ Companies that photocopy articles from journals and magazines often enter into licensing arrangements with the CCC so they can make copies.

## Rights to prepare Derivative works:

- ❖ Section 106 of the copyright Act provides that the owner of a copyright has the exclusive right to prepare derivative works based upon the copyrighted work
- ❖ This right I often referred to as the right to adapt the original work

## Definition:

“A derivative work is broadly defined as a work based upon one or more preexisting works, such as a translation, dramatization, fictionalized motion pictures version, abridgment condensation or any other from in which a work may be recast, transformed, or adapted.

- ❖ a work consisting of editorial revisions, annotations, elaborations, or other modifications is also a derivative work
- ❖ 

New material represents original work of authorship
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## Rights of distribution and the first sale doctrine:

- ❖ Section 106 (3) of the copyright act provides that the owner of a copyright has the exclusive right to distribute copies or phonorecords of the work to the public by sale or other transfer of ownership
- ❖ A violation of the distribution right can arise solely from the act of distribution itself
- ❖ The distributor did not make an unlawful copy or the copy being distributed was unauthorized
- ❖ Thus, blockbuster video store can be liable for violating an owner's right to distribute
- ❖ Once the author has parted with ownership of copyrighted material, the new owner of a lawfully made copy can treat the object as his or her own

- ❖ The new owner the right to lend the book or movie to a friend, resell the work at a garage sale, or even destroy it.
- ❖ The first sale doctrine does not apply to or limit the author's exclusive rights to prepare derivative works or rights of public performance and
- ❖ Without permission of authorship the goods are not permitted to imported into the U.S.

### **Rights to perform the work publicly**

- ❖ Section 106 [5] of the Copyright Act provided that
  - ✓ in the case of all copyrighted works other than sound recording & works of architecture, the copyright owner has the exclusive right to display the work publicly.
  - ✓ A display is “public” under the same circumstances in which a performance is “public”.
  - ✓ Namely if it occurs at a place open to the public (or) at a place where a substantial number of persons outside of the normal circle of a family.

### **Copyright Ownership Issues [17 U.S.C. § 201(a)]:**

- ❖ Copyright in a work protected under the copyright act vests [provide with power and authority] in the author or authors of the work
- ❖ Issues about ownership arise when more than one person creates a work
- ❖ 

Ownership of a physical object is separate and distinct from ownership of the copyright embodied in the material object
- ❖ Unless copyright has been explicitly conveyed with those physical articles, the original authors generally retain all other rights associated with the works.

### **Joint Works [intent to create a unitary whole]**

- ❖ A joint work is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.
- ❖ One copyright exists in the created works
- ❖ Joint authors are those who “mastermind” or “super mind” the creative effort.

### **Ownership Rights in Joint Works**

- ❖ If individual are authors of a joint work, each owns an equal undivided interest in the copyright as a tenant in common, [each has the right to use the work, prepare derivative works, display it without seeking the other coauthor's permission].
- ❖ If profits arise out of such use, an accounting must be made so, that each author shares in the benefits or proceeds.
- ❖ The death of a coauthor, his or her rights pass to heirs who then own the rights in common with the other coauthor.

## Ownership in Derivative or Collective Works

- The author of the original book has rights only to his or her work and cannot reproduce or perform the derivative work without permission.
- If a work such as a book is created by one person who intends it to be complete at the time and illustrations are later added to it by another, the work cannot be a joint work because there was no intention of the parties to create a unitary whole at the time of their creation.
- The author of the derivative work cannot create further works based on the original book without permission and cannot reproduce the original work without permission.
- Multiple ownership rights may also arise if separately copyrightable works are compiled into a collection.
- **For Example:** If essays written by Jerry Seinfeld, Ellen DeGeneres, and Paul Reiser are collected into a humor anthology by Bill Jones (with permission of the original authors), the original authors retain their exclusive rights (such as rights to reproduce, distribute, and perform) in their respective essays. No joint work is created because there was no intent at the time the separate essays were created to merge them into a unitary whole. No derivative work is created because the original works have not been transformed in any way and nothing new has been added to them. The anthology by the compiler, Bill Jones, is a collective work and pursuant to section 201(c) of the act, Jones acquires only the right to reproduce and distribute the contributions as part of the particular collective work or any revision of the collective work.

## Works Made for Hire

- The general rule is that the person who creates a work is the author of that work and the owner of the copyright therein, there is an exception to that principle: the copyright law defines a category of works called **works made for hire**.
- If a work is “made for hire”, the author is considered to be the employer or commissioning party and not the employee or the actual person who created the work.
- The employer or commissioning party may be a company or an individual.
- There are two types of works that are classified as works made for hire; works prepared by an employer within the scope of employment and certain categories of specially ordered or commissioned works.
- 

## Copyright Registration

- A work is “created” when it is fixed in a copy or phonorecord for the first time.
- Although not required to provide copyright protection for a work, registration of copyright with the Copyright Office is expensive, easy and provides several advantages, chiefly, that registration is a condition precedent for bringing an infringement suit for works of US origin.

- To register a work, the applicant must send the following three elements to the Copyright Office: a properly completed application form, a filing fee, and a deposit of the work being registered.
- Registration may be made at any time within the life of the copyright.

## THE APPLICATION FOR COPYRIGHT REGISTRATION

The following persons are entitled to submit an application for registration of copyright:

- the author (either the person who actually created the work or, if the work is one made for hire, the employer or commissioning party)
- the copyright claimant (either the author or a person or organization that has obtained ownership of all of the rights under the copyright originally belonging to the author, such as a transferee)
- the owner of exclusive right, such as the transferee of any of the exclusive rights of copyright ownership (for example, one who prepares a movie based on an earlier book may file an application for the newly created derivative work, the movie); and
- the duly authorized agent of the author, claimant, or owner of exclusive rights (such as an attorney, trustee, or anyone authorized to act on behalf of such parties)

### Application Forms

The Copyright Office provides forms for application for copyright registration.

- Each form is one 8 ½ by 11” (inches) sheet, printed front and back.
- An applicant may use photocopies of forms
- The Copyright Office receives more than 6,00,000 applications each year, each application must use a similar format to ease the burden of examination.
- The type of form used is dictated by the type of work that is the subject of copyright.
- **For example:** One form is used for literary works, while another is used for sound recording. Following are the forms used for copyright application.
  - ✓ **Form TX** (Literary works, essays, poetry, textbooks, reference works, catalogs, advertising copy, compilations of information, and computer programs)
  - ✓ **Form PA** (Pantomimes, choreographic works, operas, motion pictures and other audiovisual works, musical compositions and songs.
  - ✓ **Form VA** (Puzzles, greeting cards, jewelry designs, maps, original prints, photographs, posters, sculptures, drawings, architectural plans and blueprints.
  - ✓ **Form SR** (Sound recording)
  - ✓ **Form SE** (periodicals, newspapers magazines, newsletter, annuals and Journals. Etc.

## Notice of copyright

- Since March 1, 1989 (the date of adherence by the United States to the Berne Convention), use of a **notice of copyright** (usually the symbol © together with the year of first publication and copyright owner's name) is no longer mandatory, although it is recommended and offers some advantages.
- Works published before January 1, 1978, are governed by the 1909 copyright Act.
- Under that act, if a work was published under the copyright owner's authority without a proper notice of copyright, all copyright protection for that work was permanently lost in the United States.
- With regard to works published between January 1, 1978, and March 1, 1989, omission of a notice was generally excused if the notice was omitted from a smaller number of copies, registration was made within five years of publication, and a reasonable effort was made to add the notice after discovery of its omission.

## International Copyright Law

- Developments in technology create new industries and opportunities for reproduction and dissemination of works of authorship.
- A number of new issues have arisen relating to the growth of electronic publishing, distribution, and viewing of copyrighted works.
- Along with new and expanded markets for works comes the ever-increasing challenge of protecting works from piracy or infringement.
  - ✓ Copyright protection for computer programs
  - ✓ Copyright protection for Automated Databases
  - ✓ Copyright in the Electronic Age
  - ✓ The Digital Millennium Copyright Act

## LAW OF PATENTS

- The work *Patent* is a shorthand expression for "letters patent"
- A **Patent** is a grant from the U.S. government to exclude others from making, using, or selling another person's new, nonobvious, and useful invention in the United States for the term of patent protection.
- It is protected for 20 years
- Under patent law, inventors can enjoin the making, using or selling of an infringing invention even if it was independently created.
- A Patent allows its owner to exclude others from using the owner's invention; it does not provide any guarantee that the owner can sell the invention.
- To obtain a patent, an inventor must file an application with the PTO, same agency of the Department of Commerce that issues trademark registration.
- The application must describe the invention with specificity.

- The application will be reviewed by a PTO examiner, and, if approved, the patent will issue.
- The U.S. Constitution provides that Congress shall have the power “to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive rights to their respective writing and discoveries”.
- Patent promote the public good in that patent protection incentivizes inventors.

## Advantages of Patents

- Patents promote the public good in that patent protection incentivizes inventors
- The introduction of new products and processes benefits society.
- In return for the full disclosure to the public of specifics of the invention, thus advancing science and technology, the inventor is given a limited period of time within which to exploit his or her invention and excluded others from doing so.
- Inventors are thus incentivized to create new products, and the public benefits from inventions that ultimately will fall into the public domain.

## Rights Under Federal Law

- Patent law derives from the Constitution.
- In 1790, pursuant to the direction provided in the Constitution, Congress passed the first patent, which in large part relied upon English Law.
- Three years later, the statute was replaced with a new act authored by *Thomas Jefferson*.
- These early acts provided the structural framework for U.S patent law and specified the four basic conditions, still existing, that an invention must satisfy to secure patent protection:
  - ✓ The invention must be a utility, design, or plant patent
  - ✓ It must be useful (or ornamental in the case of a design patent or distinctive in the case of a plant patent);
  - ✓ It must be novel in relation to the prior art in the field; and
  - ✓ It must not be obvious to a person of ordinary skill in the field.
- Revision of federal patent statutes occurred in 1836 when the Patent Office was created and again in 1870 and 1897.
- Thereafter, in 1952, Congress enacted a new patent act, codified in title 35 of the United States Code (U.S.C), it is last major revision to federal patent statutes
- Development of patent law has evolved primarily through federal court decisions rather than the legislature
- In 1982, Congress created a new court, the Court of Appeals for the Federal Circuit (CAFC), the exercise exclusive jurisdiction over all cases involving patent issues and to promote uniform interpretation of the U.S. patent statutes, which until then had been interpreted in often inconsistent ways by the various federal courts of appeals throughout the nation.

- Moreover, some inventions such as computer programs, are protectable under copyright law as well as patent law.

## Patent Searching Process

### The Need for a Search:

- Patentability requires novelty and nonobviousness.
- The patentability search, sometimes called a novelty search
- A search is recommended to determine the feasibility of obtaining a patent.
- A novelty search is somewhat limited in scope and is designed to disclose whether an application will be rejected on the basis of lack of novelty or obviousness.
- A novelty search can usually be completed for less than \$1,000.
- If an invention is intended for immediate commercial use or sale, an additional search, call an infringement search or investigation, is often conducted concurrently with the novelty search.
- This novelty search is thus more expensive

### Searching Methods:

- The PTO provides public search facilities for patent searching.
- Searching is free and the PTO allows searchers to review issued patents, complete with drawings.
- Searching can be done either in the main public search room or in the examiners' search areas where examiners will assist in searching. (The patent search room contains copies of all U.S. issued patents from 1790 to present as well as many foreign patents).
- The PTO employs a classification system that provides for the storage and retrieval of patent documents
- The patent examiners in the course of examining patent applications, the system is also used by searchers, and classification files are divided into subclasses.
- Most classes have approximately three hundred sub classes

## Patent Application Process

### Overview of the Application Process

- The process of preparing, filing, and shepherding a patent application through the PTO towards issuance is called "prosecution".
- An application may be filed by the inventor himself or herself or, as is more usual, by a patent attorney.
- Only 20% of all applications are filed by inventors without the assistance of attorneys.

- The application is filed with PTO, it will be assigned to one of more than 3500 patent examiners having experience in the area of technology related to the invention who will review the application and conduct a search of patent records to ensure the application complies with the statutory requirements for patents.
- The process may continue for several rounds.
- A Notice of Allowance will be sent to the applicant, which specifies an issue fee that must be paid to the PTO in order for the patent to be granted.
- Until 2000 all patent application were maintained in confidence, but after November 2000 they were published
- It takes one to three years to prosecute a patent, and costs and fees can range from \$5000 to more than \$30000 with fee generally ranging for \$10000 to \$12000

### **Patent Practice**

- While preparing trademark and copyright applications is relatively straightforward, preparing a patent application requires skillful drafting as well as knowledge in the relevant fields, whether that is biotechnology, chemistry, mechanical engineering, physics, computers, pharmacology, electrical engineering, and so forth.
- They are divided into different groups, such as a mechanical group, a biotech group, and an electrical group.
- Many patent attorneys possess both a law degree and an advanced degree in engineering, physics, chemistry, or the like.
- To represent patent applicants before the PTO, an attorney must be registered to practice with the PTO.
- An attorney must pass the Patent Bar, which requires the attorney to demonstrate background in science or engineering.
- The examination is very difficult it is a multiple choice questions, and the pass rate tends to hover around one-third.
- A list of attorneys and agents registered to practice before the PTO is available from the Government Printing Office located in Washington, DC, Alternatively, the PTO web site (<http://www.uspto.gov/web/offices/dcom/olia/oed/roster/>) provides an index to the more than 18000 attorneys and agents who are licensed to practice before the PTO.

### **Confidentiality of Application Process and Publication of Patent Application**

- More than 200 years, all patent applications filed with the PTO were maintained in strict confidence throughout the entire application process.
- Only when the patent issued was the file wrapper open to public inspection.
- Under the American Inventors Protection Act (AIPA) of 1999, however, which took effect in November of 2000, the PTO now publishes utility and plant applications eighteen months after their filing



- If the applicant later decides to apply for a patent in a foreign country, the applicant must provide notice of this foreign filing to the PTO within forty-five days or the application will be regarded as abandoned.
- The intent of the new law is to harmonize U.S. patent procedures with those of other countries, almost all of which publish patent applications after an initial period of confidentiality.
- The new act protects inventors from having their inventions infringed by providing that patentees can obtain reasonable royalties if others make, used, or sell the invention during the period between publication and actual grant of the patent.

### **Types of Application**

1. Provisional Application
2. Utility Application
3. Design Application
4. Plant Application
5. Continuation Application
6. PCT (Patent Cooperation Treaty) Application
7. Divisional Application

### **Preparing the Application**

- Title
- Cross-references to related applications
- Background
- Summary of invention
- Brief description of drawing
- Detailed description of the invention
- Claims

### **Patent Prosecution Flowchart**

### **Ownership Rights**

- Patents are items of personal property and thus may be owned, sold, licensed, or devised by will.
- Applications for patent must be filed by the actual inventor of the article, process, design, or plant.
- If there is more than one inventor, the application must be signed by all inventors.
- In many instance, employees are required to sign agreements with their employers whereby they agree that any invention or discovery invented by them while on the job will belong to the employer and that they will agree to assist and cooperate in any manner, including signing applications for patents, to ensure the employer's rights are protected

- Although the oath in the patent application is signed by the individual inventor, when the application is filed, a simultaneous assignment is also filed identifying the employer as the “true” owner of the application and the invention.

## Ownership transfer

- As objects of intellectual property or intangible assets, **patents** and patent applications may be **transferred**.
- A transfer of patent or patent application can be the result of a financial transaction, such as an assignment, a merger, a takeover or a demerger, or the result of an operation of law, such as in an inheritance process, or in a bankruptcy.
- The rationale behind the transferability of patents and patent applications is that it enables inventors to sell their rights and to let other people manage these intellectual property assets both on the valuation and enforcement fronts. As The Economist put it, *"Patents are transferable assets, and by the early 20th century they had made it possible to separate the person who makes an invention from the one who commercialises it. This recognised the fact that someone who is good at coming up with ideas is not necessarily the best person to bring those ideas to market."*

## UNIT-4

### TRADE SECRETS LAW

#### INTRODUCTION:

- ❖ The type of information that must be kept confidential in order to retain its competitive advantage is generally called a “Trade Secret”
- ❖ A trade secret is any information that can be used in the operation of a business or other enterprise that is sufficiently valuable and secret to afford an actual or potential economic advantage over others.
- ❖ Restatement (Third) of Unfair Competition § 39 (1995).
- ❖ A recipe, a formula, a method of conducting business, a customer list, a price list, marketing plans, financial projection, and a list of targets for a potential acquisition can all constitute trade secrets.
- ❖ Generally, to qualify for trade secret protection, information must
  - ✓ be valuable;
  - ✓ not be publicly known; and
  - ✓ be the subject of reasonable efforts to maintain its secrecy
- ❖ The rapid pace of technology advances the ease with which information can now be rapidly disseminated and the mobility of employees require businesses to devote significant effort to protecting their trade secrets.
- ❖ If trade secrets were not legally protectable, companies would have no incentive for investing time money and effort in research and development that ultimately benefits the public at large.
- ❖ Trade secrets law not only provides an incentive for companies to develop new methods and processes of doing business but also, by punishing wrongdoers, discourages improper conduct in the business environment.

#### The Law Governing Trade Secrets:

- ❖ Trademarks, copyrights, and patents are all subject to extensive federal statutory schemes for their protection, there is no federal law relating to trade secrets, and no registration is required to obtain trade secret protection.
- ❖ Most trade secret law arises from common law principles, namely, judge-made case law.
- ❖ The first reported trade secret case in the United States was decided in 1837 and involved manufacturing methods for making chocolate.

- ❖ In 1939, the Restatement of Torts (a wrongful act or an infringement of a right) adopted a definition of a trade secret, and many states relied on that in developing their body of case law, leading to greater consistency in the development of trade secrets law.
- ❖ Additionally 1979, the National Conference of Commissioners on Uniform State laws drafted the uniform Trade Secrets Act (UTSA) to promote uniformity among the states with regard to trade secrets law.
- ❖ The UTSA was amended in 1985.
- ❖ The following definition of trade secret has been adopted by the UTSA:

Trade secret means information, including a formula, pattern, compilation, program, device, method, technique or process that:

- ✓ Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
- ✓ is the subject of efforts that are reasonable under the circumstance to maintain its secrecy.

### **DETERMINATION OF TRADE SECRET STATUS:**

Restatement of Torts (a wrongful act or an infringement of a right) §757 cmt.b lists six factors to be considered in determining whether information qualifies as a trade secret. Courts routinely examine these factors to determine whether a company's information constitutes a trade secret.

#### **The extent to which the information is known outside the company:**

- ❖ Although information may be known to other outside the company and still qualify as a trade secret, the greater the number of people who know the information, the less likely it is to qualify as a trade secret.
- ❖ Secrecy need not be absolute.

#### **The extent to which the information is known within the company:**

- ❖ Although an employer or company is permitted to disclose confidential information to those with a demonstrated "need to know" the information.
- ❖ If the information is widely known within the company, especially among those who have no business need to know the information, it may not qualify as a trade secret.

### **The extent of the measures taken by the company to maintain the secrecy of the information:**

- ❖ One claiming trade secret protection must take reasonable precautions to protect the information.
- ❖ Courts are unlikely to protect information a company has not bothered to protect.
- ❖ A company is not obligated to undertake extreme efforts to protect information, but reasonable precautions are required.
- ❖ Some experts predict that courts will likely require advanced security measures to protect trade secrets transmitted via e-mail, including encryption and protocols to ensure confidentiality.

### **The extent of the value of the information to the company and its competitors:**

- ❖ If information has little value either to its owner or to the owner's competitors, it is less likely to qualify as a trade secret.
- ❖ Conversely, information that is valuable to a company, such as the recipe for its key menu product, and that would be of great value to the company's competitors is more likely to be protectable trade secret.

### **The extent of the expenditure of time, effort, and money by the company in developing the information:**

- ❖ The greater the amount of time, effort, and money the company has expended in developing or acquiring the information, the more likely it is to be held to be a protectable trade secret.

### **The extent of the ease or difficult with which the information could be acquired or duplicated by other:**

- ❖ If information is easy to acquire or duplicate, it is less likely to qualify a trade secret.
- ❖ Similarly if the information is readily ascertainable from observation or can be easily reproduced, it is less likely to be a trade secret.
- ❖ On the other hand, if it can be reverse engineered only with significant expenditures of time, effort, and money, the product may retain its status as a trade secret.

## **LIABILITY FOR MISAPPROPRIATION OF TRADE SECRETS:**

Misappropriation of a trade secret occurs when a person possesses, discloses, or uses a trade secret owned by another without express or implied consent and when the person

- ✓ used improper means to gain knowledge of the trade secret;
- ✓ knew or should have known that the trade secret was acquired by improper means; or
- ✓ Knew or should have known that the trade secret was acquired under circumstances giving rise to a duty to maintain its secrecy.

The term *improper* means includes bribery, theft, and misrepresentation, breach of duty to maintain secrecy, or espionage (the practice of spying or of using spies, typically by governments to obtain political and military information) or other means.

Thus, misappropriation occurs either when a trade secret is lawfully acquired but then improperly used or when the trade secret is acquired by improper means.

### **Absence of Written Agreement:**

- ❖ A written agreement prohibiting misappropriation of trade secrets can be enforced through an action for breach of contract; a company's trade secrets can be protected against misappropriation even in the absence of any written agreement between the parties.
- ❖ A party owning trade secrets can bring an action in tort for breach of the duty of confidentiality, which duty can arise even without an express agreement.
- ❖ Courts will impose a duty of confidentiality when parties stand in a special relationship with each other, such as an agent-principal relationship (which includes employer-employee relationship) or other fiduciary (involving trust, especially with regard to the relationship between a trustee and a beneficiary) or good faith relationship
- ❖ Courts have consistently held that employees owe a duty of loyalty, fidelity, and responsibility to their employers.
- ❖ In fact, more trade secret cases are brought in tort for breach of confidentiality than in contract for breach of written agreements.

**For example:** If XYZ company is attempting to make a sale to Jones and informs Jones that the XYZ product is superior to that of competitors because it involves a new breakthrough in technology and explains the trade secret, courts would likely find that Jones is subject to a duty not to disclose the information. Similarly, if XYZ co., explains its trade secrets to its bankers in an attempt to obtain financing, the bankers would likely be precluded from disclosing or using the information. Such implied contracts to protect the information generally arise when the parties' conduct indicates they intended the information to be kept confidential or impliedly agreed to keep it confidential.

## **Misappropriation by Third Party:**

A number of other parties may also have liability for misappropriation of trade secrets if they knew or should have known they were the recipients of protected information.

### **For example:**

1. Assume Lee is employed by XYZ co., In course of time Mr.Lee learns valuable trade secret information. If Mr.Lee resigns jobs and begins working for new company and it prohibited for both in using the information. He may not misappropriate the information because he was in an employee-employer relationship with XYZ company. New company should not use the information if Mr Lee reveals, if it happen so, then XYZ Company would generally prefer to sue New Company inasmuch as it is far likelier to have deep pockets, meaning it is more able to pay money damages than is an individual such as Lee.
2. If New Company has no reason to know the information was secret or that Mr. Lee may not reveal it, New Company would not have liability for such innocent use of the information. Similarly, if trade secret information were innocently obtained by New Company by mistake, New Company would have no liability for subsequent use or disclosure of the information.

## **Written Agreement:**

Employers are generally free to require employee, independent contractors, and consultants to sign express agreements relating to the confidentiality of information. These agreements are usually enforced by courts as long as they are reasonable. The agreements usually include four specific topics:

- ❖ Ownership of Inventions
- ❖ Non-disclosure Provisions
- ❖ Non-solicitation Provisions
- ❖ Non-competition Provisions
  - ✓ Purpose
  - ✓ Reasonableness
  - ✓ Consideration

## **PROTECTION FOR SUBMISSION:**

### **Submission to Private Parties:**

- ❖ In many instances individuals wish to submit an idea for an invention, process, game, or entertainment show to a company or business in the hope that the company or business in the hope that the company will market and develop the idea and the individual will be compensated for the idea?
- ❖ Idea submission disputes frequently arise in the entertainment industry. In one case an individual claimed that the producers of the Cosby Show (American comedian) misappropriated her idea for a television program portraying a wholesome and loving African American family. A court held there were no people and the idea was so general as to lack the element of concreteness to be protectable.
- ❖ The solution to such a dilemma is for the “inventor” to submit the idea pursuant to an evaluation agreement, or submission agreement, whereby the other party agrees to evaluate the idea only for the purpose of considering a future transaction between the parties and further agrees not to circumvent the submitter or to disclose the idea to others.

### **Submission to Government Agencies:**

- ❖ Private companies that present bids to government agencies in the hope of obtaining a government contract are often required to disclose confidential or trade secret information to the agency.
- ❖ Under freedom of information act (both at the state and federal levels), the proposal might later be released to any member of the public requesting the document, thus resulting in loss of confidential information to possible competitors.
- ❖ The protected information is usually blocked out.
- ❖ If a government agency discloses trade secret information, the owner may have a cause of action for an unconstitutional taking of private property and may be awarded compensation if the owner had a reasonable expectation of confidentiality.

### **REMEDIES FOR MISAPPROPRIATION:**

A trade secret owner may request a variety of remedies from a court. Among them are the following:

- ❖ **Injective relief:** In many cases, a trade secret owner is more interested in ensuring the defendant cease use of the trade secret (or is precluded from commencing use) than in recovering damages. In cases in which money damages are not sufficient to protect a trade secret owner, a court may issue an injunction. A court may also issue an injunction to compel the defendant to surrender or destroy trade secret information. In fact, courts may issue injunctions’ to prevent inevitable disclosure, reasoning that even if a former employer cannot show a particular secret has been taken, it is inevitable that key employees will eventually disclose what they know to a new employer.



- ❖ **Money damages:** A trade secret owner whose information has been misappropriated may recover money damages from the defendant. The Plaintiff may recover its lost profits as well as the profits made by the defendant. Alternatively, the plaintiff may seek and recover a reasonable royalty arising from defendant's use of the trade secret. Punitive damages may also be awarded in cases in which the defendant's conduct is reckless, willful, and intentional. The USTA provides that punitive damages not exceed more than twice the compensatory damages awarded.
- ❖ **Attorneys' fees and costs:** In most cases, the parties bear their own attorneys' fees and costs. The UTSA, however, provides that reasonable attorneys' fees and costs may be awarded to the prevailing party if bad faith or willfulness is shown.

### **TRADE SECRET LITIGATION:**

- ❖ If a trade secret is disclosed in violation of a written confidentiality agreement, and the parties cannot resolve the dispute themselves, an action for breach of contract may be brought, similar to any other breach of contract action.
- ❖ The plaintiff may add other causes of action as well, for example, for misappropriation in violation of a state trade secret law. If no written agreement exists, the plaintiff must rely upon case law or state statutes protecting trade secrets, or both.
- ❖ To protect itself against a lawsuit by another alleging trade secret violation, companies should require new employees who will have access to confidential information to acknowledge in writing that accepting employment with the new company does not violate any other agreement or violate any other obligation of confidentiality to which the employee may be subject.
- ❖ If grounds for federal jurisdiction exist (the parties have diverse citizenship and the claim exceeds \$75000), the action may be brought in federal court.
- ❖ The UTSA [Uniform Trade Secrets Act] provides that an action for misappropriation must be brought within three years after misappropriation is discovered or reasonably should have been discovered.
- ❖ In federal court, the action will be governed by the Federal Rules of Civil Procedure relating to federal civil actions generally.
- ❖ Most states have rules relating to civil procedure that are modeled substantially after the Federal Rules of Civil Procedure and likewise govern the litigation.
- ❖ If the defendant has a cause of action to assert against the plaintiff relating to the trade secret, it must be asserted by way of a counterclaim in the litigation so that all disputes between the parties relating to the information can be resolved at the same time.

- ❖ After the complaint, answer, and counterclaim have been filed, various motions may be made. Discovery will commence. The plaintiff and defendant will take depositions to obtain testimony from those who may have information about the case.
- ❖ Ultimately, if the matter cannot be resolved by private agreement, it will proceed to trial. The trade secret owner must prove misappropriation by a preponderance of the evidence. Either party may request a jury trial; otherwise, a judge will render the decision. Appeals may follow.
- ❖ One of the difficult issues in trade secret litigation arises from the fact that the trade secret sought to be protected often must be disclosed in the litigation so the judge or jury can evaluate whether the information is sufficiently valuable that it affords its owner a competitive advantage.
- ❖ Similarly, the owner's methods of protecting the information often must be disclosed so the fact-finder can determine whether the owner has taken reasonable measures to protect the alleged trade secrets.
- ❖ The dilemma faced by trade secrets owner is that they must disclose the very information they seek to protect.
- ❖ As technology progresses and the value of certain communication and entertainment inventions increases, trade secret litigation is becoming an increasingly common and high-stakes occupation.

## **TRADE SECRET PROTECTION PROGRAMS:**

Trade secrets are legally fragile and may be lost by inadvertent disclosure or failure to reasonably protect them, companies should implement trade secret protection programs to safeguard valuable information. Because trade secret protection can last indefinitely, businesses should devote proper attention to the methods used to ensure confidentiality of information. Developing programs and measure to protect trade secrets is an easy way to demonstrate to a court that an owner values its information and takes appropriate measures to maintain its secrecy.

### **Physical protection**

There are a variety of tangible measures a company can implement to protect trade secrets, including the following:

- ❖ Safeguarding information under lock and key;
- ❖ Protecting the information from unauthorized access;
- ❖ Forbidding removal of protected information from the company premises or certain rooms;
- ❖ Retaining adequate security during evening and weekends either through alarm systems or security services;

- ❖ Ensuring tours of the company premises do not expose outsiders to valuable processes or information;
- ❖ Using check-out lists when valuable equipment or information is removed from its normal location;
- ❖ Monitoring employees' use of e-mail and the Internet to ensure confidential information is not being disseminated;
- ❖ Using encryption technology and antivirus protection programs to protect information stored on computers;
- ❖ Educate employees on trade secrets and protection of trade secrets;
- ❖ Ensuring information retained on computers is available only on company networks so that access can be easily tracked.

Most companies will not need to implement all of the measures described above. Courts do not require absolute secrecy or that extreme measure be taken to protect information. Rather, reasonable measures will be sufficient to protect the status of information as trade secrets.

### **Contractual Protection**

- ❖ Another method of protecting trade secrets is by contract, namely, requiring those with access to the information to agree in writing not to disclose the information to other or use it to the owner's detriment.
- ❖ Similarly, in licensing arrangements, trade secret owners should ensure the license agreements contain sufficient protection for trade secret information.
- ❖ Employers should use noncompetition agreements to ensure former employees do not use material gained on the job to later compete against the employer.
- ❖ With the advent of the Internet and the increased ease of electronic communications, employers have become concerned about the loss of trade secrets through dissemination over the Internet.
- ❖ It has been held that "*once a trade secret is posted on the Internet, it is effectively part of the public domain, impossible to retrieve*".

### **Contractual Protection**

Companies can also rely on other complementary methods of protection to safeguard trade secrets. Any material that qualifies for copyright protection should be protected by registration, or at a minimum, by ensuring a copyright notice is placed on the material or document to afford notice to other of the owner's right and internet in the material.

# UNFAIR COMPETITION

## INTRODUCTION:

The law of unfair competition is based upon the notion that individuals should be protected from deceptive (looking down) and improper conduct in the marketplace. The law of unfair competition is found in case law, in state statutes prohibiting unfair business practices, in specific federal statutes, and in regulations promulgated by the FTC (Federal Trade Commission), the federal regulatory agency charged with protecting consumers from unfair or deceptive acts and practices.

The law of unfair competition continues to evolve as new methods of conducting business arise, such as electronic offers and sales through telemarketing, television infomercials, and the Internet. There are a number of theories and actions that can be used by injured parties to protect against unfair competition. In many instances, actions for unfair competition will be combined with other actions (such as those alleging trademark, copyright, or patent infringement) to provide a plaintiff a wide array of possible remedies.

**For Example:** a designer of scarves imprinted with fanciful designs may decide against applying for a design patent due to the expense involved and the short life cycle of fashion products. Protection against copying of the design may thus be available under the umbrella of unfair competition rather than under design patent law.

Section 43 of the Lanham Act (15 U.S.C § 1125) provides a federal cause of action to protect consumers against unfair competitive business practices. Moreover, section 43(a) protects unregistered marks and names, such as those that do not qualify for federal trademark registration because they are descriptive or perhaps used only in intrastate commerce.

The most common types of unfair competition are discussed more fully in this chapter but can be briefly summarized as follows:

- Passing off (or palming off), “Passing off” occurs when one party attempts to pass off or sell his or her goods or services as those of another.
- Misappropriation
- Right of Publicity
- False advertising
- Dilution, Either tarnishing another’s mark or causing it to lose its distinctiveness through “blurring” is actionable as dilution
- Infringement of trade dress, adopting the overall concept of another’s distinctive packaging or product image, generally called its “trade dress”, so as to deceive consumers is an infringement of trade dress.

Generally, injured parties notify the wrongdoer prior to initiating litigation.

## **MISAPPROPRIATION:**

- The doctrine of misappropriation first arose in *International News Service V. Associated Press*, 248 U.S. 215 (1918), in which the Supreme Court held that an unauthorized taking of another's property, in that case, news information, that it invested time and money in creating was actionable as misappropriation of property.
- In INS, news information originally gathered by the Associated Press relating to World War I was pirated by International News Service and sold to its customers.
- Because the news itself, as factual matter, could not be copyrighted, the plaintiff could not sue for copyright infringement.
- Instead it alleged that its valuable property right had been taken or misappropriated by the defendant.
- The Supreme Court agreed, noting that the defendant was "endeavoring to reap where it has not sown, and is appropriating to itself the harvest of those who have sown. "Id. At 239-40. Because the defendant was not attempting to convince its subscribers that its news reports were from the plaintiff, an action for passing off would not lie. The defendant was misappropriating rather than misrepresenting.

## **RIGHT OF PUBLICITY:**

- The right of publicity gives individuals, not merely celebrities, the right to control commercial use of their identities or personas.
- The right of publicity protects a commercial interest, the vast majority of cases involve celebrities inasmuch as they can readily show economic harm when their names, photographs, or identities are used to sell products or suggest a sponsorship of merchandise.
- Publicity rights are governed by state law.
- The right of publicity has evolved from the right of privacy, which protected against unreasonable invasions upon another person's solitude and provided remedies for the disclosure of private information.
- The right of publicity allows individuals to protect the marketability of their identities and punishes those who would unjustly enrich themselves by appropriating another's fame for profit-making purposes.
- Unpermitted commercial exploitation of an individual's persona would dilute the value of the persona, making it more difficult for the individual to commercialize his or her identity. Thus, remedies for infringement include injunctions to prevent further exploitation and monetary relief to compensate the individual whose right of publicity has been appropriated (including damages for injury to reputation recovery of the defendant's profits, and punitive damages in extreme cases)

- Courts have articulated a number of reasons for upholding an individual's right to publicity, including the need to protect against confusion that would arise if consumers were led to believe individuals sponsor or approve products when they do not, the need to incentivize performers who provide entertainment and benefit to society and should thus be provided with a protectable proper right in their identities.
- The right of publicity does not apply to non commercial uses; using another's name, likeness, or identity for news reporting, scholarship, or research is permissible.

## **NEW DEVELOPMENTS IN THE RIGHT OF PUBLICITY**

- As is common with intellectual property rights in today's society, some of the new issues relating to the rights of publicity stem from increasing technological advances.
- Without prior permission one should not appear in the digital technology used movie.
- The International Trademark Association has proposed amending the U.S. Trademark Act to create a federal right of publicity with postmortem rights (although such rights would be limited to some specific period of duration after death).
- *Similarly, names, gestures, and likenesses are unprotectable under copyright law because they are titles or ideas rather than expressions.*
- Thus, in some instances, federal copyright law may control a plaintiff's rights, while in other instances; only the right to publicity will provide protection.
- **California recently passed** the Astaire Celebrity Image Protection Act (Cal.Civ.Code § § 3344-3346) to allow heirs of celebrities to block commercial uses of deceased celebrities' likenesses while allowing a "safe harbor exemption" to artistic uses, such as the digital insertion of President Kennedy's image into the movie Forrest Gump, or uses for news, public affairs, and so forth.

## **FALSE ADVERTISING:**

- In 1943, the federal trademark law, the Lanham Act, was passed.
- Section 43(a) of the act (15 U.S.C. § 1125) prohibited false designations of origin, namely, descriptions or representations tending falsely to describe or represent goods or services.
- It was not an effective vehicle to use when a party made misrepresentations relating to the nature or quality of goods or services.
- Moreover, until the passage of the Lanham Act, Plaintiffs, an element that was often difficult to demonstrate.

- Although the individual states enacted statutes prohibiting false advertising, these statutes varied from state to state and were often ineffective to prohibit false advertising that was national in scope.
- The expansive language of section 43 of the Lanham Act, however, soon began to be used to protect not only against unregistered trademarks but also against nearly all forms of false advertising.
- In 1989 Congress amended the Lanham Act and broadened the scope of section 43 for infringement of trademarks (both registered and unregistered marks) and trade dress, while the other portion of the statute allows the assertion of claims for false advertising and trade libel.

➤ Under section 43(a), whoever uses a false or misleading description or representation of fact or false designation of origin in commercial advertising or promotion or misrepresents the nature, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities is liable to any person likely to be injured by such act (if the act is committed in interstate commerce)

#### For Example:

- a failure to disclose that advertised prices did not include additional charges;
- a statement that a pregnancy test kit would disclose results in “as fast as ten minutes” when a positive result would appear in ten minutes but a negative results might take thirty minutes;
- a claim that a certain motor oil provided longer life and better engine protection than a competitor's product when that claim could not be substantiated;
- a false claim that automobile antifreeze met an automobile manufacturer's standards;
- covering up a label stating “Made in Taiwan” that appeared on goods

### **INTERNATIONAL PROTECTION AGAINST UNFAIR COMPETITION:**

- The United States has assumed certain obligations under international agreements in the arena of unfair completion, chiefly under the Paris Convention.
- The Paris Convention seeks to afford citizens of each of the more than 160 member nation's protection against unfair competition and trademark infringement and requires that member nations provide the same level of protection against unfair competition to citizens of other member nations as they do for their own citizens.
- The Paris Convention expressly prohibits acts that create confusion b y any means with a competitor, false allegations that discredit a competitor, and indications that mislead the public in regard to the nature or characteristics of goods.
- Section 44 of the Lanham Act (15 U.S.C§ 1126) implements the Paris Convention and expressly provides that any person whose country of origin is a party to any convention or treaty relating to the repression of unfair competition, to which the United States is also a party, is entitled to effective protection against unfair completion.

## UNIT-5

### NEW DEVELOPMENTS OF INTELLECTUAL PROPERTY

#### NEW DEVELOPMENT IN TRADE MARKS LAW:

##### The Internet:

- ❖ Trademark owners throughout the world are struggling with new issues presented by increased electronic communication, primarily that occurring through the Internet.
- ❖ The Internet derives from a network set up in the 1970s by the Department of Defense to connect military and research sites that could continue to communicate even in the event of nuclear attack.
- ❖ In the 1980s, the National Science Foundation expanded on the system, and its first significant users were government agencies and universities.
- ❖ In the early 1990s, however, it became apparent that the system could provide a global communication network, allowing people from all over the world to talk with each other; send written messages, pictures, and text to each other; and establish web pages to advertise their wares and provide information to their customers.

##### Assignment of Domain Names:

- A company's presence on the internet begins with its address or domain name not only serves as a locator for a company but also functions as a designation of origin and a symbol of goodwill---a trademark.
- There are two portions to a domain name: the generic top-level domain, which is the portion of the name to the right of a period (such as .gov or .com) and the secondary level domain, which is the portion of the name to the left of a period (such as "kraft" in Kraft.com").
- Disputes frequently arise between owners of registered marks and owners of domain names whose domain names similar or identical to the registered marks.

##### Internet Corporation for Assigned Names and Numbers [ICANN]:

- To help resolve the problems in the domain names registration and use process
- The government created the ICANN
- It is a nonprofit corporation
- It is governed by a board of directors elected in part by various members of the Internet community.



- ICANN are authorized to register domain names ending with .com, .org and .net
- Registrations usually last one year, at which time they can be removed or will expire.
- Registration requires a representation that the person seeing to register the name is not doing so for an unlawful purpose and does not know of any infringement
- ICANN recently added seven new top-level domains, including .biz and .info

## **PROTECTING A DOMAIN NAME:**

- People register well-known marks as domain names to prey on consumer confusion by misusing the domain name to divert customers from the legitimate mark owner's site. This practice is commonly called cybersquatting.
- There are three approaches for against cybersquatter:
  - ✓ An action can be brought under the Federal Trademark dilution Act
  - ✓ A civil suit can be instituted under the recent Anticybersquatting consumer protection Act, or
  - ✓ An arbitration proceeding can be instituted through ICANN's disputes resolutions process
- Cybersquatter and the dilution doctrine: Federal trademark dilution Act (15 U.S.C § 1125 (C))
- Cybersquatters and Anticybersquatting consumer protection Act (15 U.S.C § 1125 (d))  
**[ACPA: Anticybersquatting consumer Protection Act]**
  - ✓ To prevail in a civil action under ACPA, a plaintiff must prove three things:
    1. The plaintiff's mark is a distinctive or famous mark deserving of protection
    2. The alleged cybersquatter's infringing domain name is identical to or confusingly similar to the plaintiff mark
    3. The cybersquatter registered the domain name in bad faith
- Resolving Disputes through the Uniform Domain Name Dispute Resolution Policy: [UDRP] 1999
  - ✓ The allegedly wrongful domain name is identical or confusingly similar to the complainant's trademark;
  - ✓ The domain name registrant has no legitimate interest in the domain name and
  - ✓ The domain name is being used in bad faith

## **NEW DEVELOPMENT IN COPYRIGHT LAW:**

- While acknowledging that clothing is a useful article and thus not subject to copyright protection, a New York Federal court ruled that lace design, copyrighted as writing and incorporated into wedding dresses, were protectable and enjoined another maker of wedding dresses from making or marketing copies. Similarly, detailed embroiders or

some other two dimensional drawing or graphic work affixed to a portion of a garment may be copyrightable.

- A federal court in California recently held that while type fonts themselves are not protectable under copyright law, a software program that generated and created the typefaces was protectable.
- As soon as Stephen King sold his book riding the Bullet exclusively in an Internet format, an individual cracked the copyright protection software and posted free copies of the book on the Internet. The publishers responded by adopting stronger encryption technology. Similarly, in 2000, Mr. King suspended online publication of a serial novel because too many individuals were downloading the work without paying it.
- It late 1997 President Clinton signed into law the No Electronic Theft [NET] Act [amending 18 U.S.C §2319] to enhance criminal penalties for copyright infringement, even if the infringer does not profit from the transaction. The act also extends the statutes of limitations for criminal copyright infringement from three to five years, and allows law enforcement officers to use federal copyright law against online copyright violation, thereby extending the same copyright protection to the Internet that is provided to other media.
- In September 1999, the Clinton administration relaxed government restrictions on the export of encryption products and simultaneously introduced new legislation to give law enforcement agencies greater authority to combat the use of computers by terrorists and criminals and to create a new code cracking unit within the FBI [Foreign Bureau of Investigation] .
- In mid-2000, president Clinton signed the Electronic signatures in Global and National Commerce Act, making digital execution, called e-signatures, as legally binding as their paper counterparts.
- In 2000, federal prosecutors in Chicago indicted seventeen people who called themselves “Pirates with Attitude” for pirating thousands of software program. The case was brought under the NET Act. Some of the individuals were former employees of Intel and Microsoft.
- The copyright office has recommended that congress amend section 110 of the copyright Act to grant educators the right to transmit copyrighted works for distance learning if certain conditions are met.

## **NEW DEVELOPMENT IN PATENT LAW:**

The patent Act has proven remarkably flexible in accommodating changes and development in technology. Thus advisement in technology generally has not necessitated changes in the stately governing patent protection.

## **Business method and software patent:**

Many of the cutting-edge issues in patent law related to patents for computer software. For several years, the conventional wisdom has been that unless a computer program had significant commercial value and application patent protection was often counterproductive or ineffective in that the PTO often took two years to issue a patent, roughly the same time it took for the software program to become absolute.

## **Biotechnology patent:**

Medicines, Science, agricultural and pharmacology present the other cutting-edge issues in patent law. Research into genes may hold the key to curing disease throughout the world. Agricultural research may hold the key to providing sufficient food for the world's ever-increasing population.

The development of strains of plants and crops that are resistant to drought and disease has also led to an increasing number of patents issued, and attendant litigation. In the field of "agbiotech".

## **American Investors Protection Act of 1999 [AIPA]:**

The AIPA was signed into law in 1999 and represents the most significant changes to patent law in twenty years. Although some of the provisions of AIPA have been discussed earlier, its key subtitles are as follows:

- Inventors' Right Act of 1999
- The First Inventor Defense Act of 1999
- The patent term guarantee act of 1999
- The domestic publication of Foreign filed patent application act of 1999
- The optional Inter parts reexamination procedure Act of 1999

## **Introduction of International Patent protection:**

The rights granted by a U.S Patent extend only throughout the U.S and have no effect in a foreign country. Therefore, an inventor who desires patent protection in other countries must apply for a patent in each of the other countries or in regional patent office.

- The Paris convention (already it is in previous units)
- The European patent organization
- Agreement on Trade-Related Aspects of IPR (already it is in previous units)
- The patent Law Treaty
- Foreign Filing Licenses
- Applications for United States Patents by Foreign applicants

## **The European patent organization:**

The European Patent Organization (EPO) was founded in 1973 to provide a uniform patent system in Europe. A European patent can be obtained by filing a single application with

the EPO headquartered in Munich (or its subbranches in The Hague or Berlin or with the national offices in the contracting nations). Once granted, the patent is valid in any of the EPO countries designated in the application and has the same force as patent granted in any one of the contracting nations.

## **INTELLECTUAL PROPERTY AUDITS:**

Many companies believe that copyright extends only to important literary works and therefore fail to secure protection for their marketing brochures or other written materials. Similarly, companies often fail to implement measures to ensure valuable trade secrets maintain their protectability. Because clients are often unaware of the great potential and value of this property, law firms often offer their clients an intellectual property audit to uncover a company's protectable intellectual property. The IP audit is analogous to the accounting audit most companies conduct on an annual basis to review their financial status.

Another type of IP investigation is usually conducted when a company acquires another entity. At that time, a thorough investigation should be conducted of the intellectual property of the target company to ensure the acquiring company will obtain the benefits of what it is paying for and will not inherit infringement suits and other problems stemming from the target's failure to protect its IP. This type of IP investigation is generally called a **due diligence** review inasmuch as the acquiring company and its counsel have an obligation to duly and diligently investigate the target's assets.

### **Conducting the Audit:**

- The first step in the audit should be a face-to-face meeting of the legal team and company managers.
- The legal team should make a brief presentation on what Intellectual Property is, why it is important to the company, and why and how the audit will be conducted.
- Managers will be more likely to cooperate if they fully understand the importance of the audit.
- Obtaining this kind of "buy-in" from the client's managers and employees will speed the audit and reduce costs.
- Moreover, education about the importance of intellectual property helps ensure that managers consider ways to further protect a company's valuable assets and remain alert to possible infringements of the company's Intellectual capital or infringements by the competitor of other's right.
- Finally, having outside counsel involved in the process will ensure that communications related to the audit are protected by the attorney-client privilege.
- Once the company's managers have been advised of the need for the audit, the legal team should provide a work-sheet or questionnaire to the company specifying the type of information that the firm is looking for so that company files can be reviewed and materials assembled for inspection by the firm and its representatives.