

Protection of Ideas, Trade Secret Law, Patent Law & Trademark Law

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I. Protection of Ideas

A. Intellectual property in its most general sense refers to creative innovations that come from a person's mind. Examples of such innovations can be a new medicine, a new manufacturing process, a new machine, a new method of doing business, a new marketing strategy to sell a product.

B. Protection of intellectual property pursuant to "property law"

1. The law recognizes that persons are entitled to exclusive rights in certain "things"; such "things" that are the subject of such exclusive rights are designated property by the law.

QUESTION 1: If Leonid purchases a pair of shoes at a store what rights does he have with regard to those shoes?

2. Property can be defined as those "things" for which we want to give someone exclusive rights

3. The determination of what "things" will be the subject of such exclusive rights is a policy based decision.

4. Granting exclusive rights in most "things" is a necessary aspect of a market economy based on a capitalist economic system and therefore most things people acquire are subject to exclusive rights and hence designated their property

QUESTION 2: Should ideas be the subject of exclusive rights? What policy reasons exist to allow someone to have exclusive rights in ideas? Is there any benefit to society from allowing someone to have exclusive rights in an idea they have conceived?

QUESTION 3: Leonid invents a new light bulb that produces more light with less electricity than any light bulb currently available. Does designating Leonid's invention as his property benefit Leonid? Does it benefit society? Is there a relationship between the benefit to Leonid and the benefit to society?

5. Special problems arise with regard to designating ideas as property

QUESTION 4: If Leonid purchases a pair of shoes how many people can exclusively possess and use those shoes at one time? How does Leonid prove the shoes are his shoes?

QUESTION 5: If Leonid invents a new light bulb is it possible for more than one person to exclusively possess and use the new invention? If Leonid is given property rights in his invention how does he prove he invented the light bulb as opposed to having stolen the idea from the "true" inventor?

6. Special statutory schemes exist to protect intellectual property - Utility patent law, design patent law, trade secret law, trademark law and copyright law

C. Novelty and Concreteness requirements for granting property protection for an idea

1. Novelty generally means the idea is new and original

2. Concreteness generally means the idea has been fully developed such that it actually works

QUESTION 6: Leonid conceives of a new less expensive method of purifying water. The method is only theoretical and Leonid does not know if it will actually work. Does Leonid's idea meet the "novelty" requirement? Does it meet the "concreteness" requirement? Are there policy reasons for giving Leonid exclusive rights in his idea? Are there policy reasons for denying Leonid exclusive rights in his idea? What are the consequences of denying Leonid exclusive rights in his idea?

3. Proving novelty and concreteness

QUESTION 7: Is the testimony of the inventor of an idea that he actually invented the idea compelling proof? What would be the best evidence to prove inventorship?

D. Protection of intellectual property pursuant to "contract law"

1. Underlying purpose of contract law - enforce voluntary agreements among persons

2. Novelty and concreteness not relevant

3. Rights granted by contract law only affect contracting parties; this is in contrast to granting property status to something which means the rights of everyone are affected with regard to the thing designated as property

QUESTION 8: Leonid agrees to disclose an idea for a new light bulb to Andrew in return for Andrew giving Leonid 100 dollars. The idea for the new light bulb is known by other scientists. Would it be problematic to grant Leonid property rights in the new light bulb? Who is affected by granting Leonid property rights in the light bulb? Who is affected by enforcing the contract between Leonid and Andrew? Can the contract between Leonid and Andrew be enforced even if Leonid has no exclusive rights in the idea for a new light bulb?

II. Trade Secret Law

A. Definition of a trade secret

1. Restatement of Torts definition - Any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving material, a pattern for a machine or other device, or a list of customers.

2. Uniform Trade Secrets Act definition - "Trade secret" means information, including a formula, pattern, compilation, program device, method, technique, or process, that: (i) 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 (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

QUESTION 9: Roma develops a new manufacturing process that would enable him to make computer microprocessor chips more cheaply than any current manufacturing process. The new process is not known to anyone other than Roma. However, Roma is unable to utilize the new process because his company is bankrupt. Is the new process a trade secret? Is the answer different under the Restatement of Torts definition of a trade secret and the Uniform Trade Secret definition of a trade secret?

B. Factors courts consider in determining if something is a trade secret

1. The extent to which the alleged trade secret is known outside of the business of the trade secret owner. The more extensively it is known outside the business, the less likely it is a protectable as a trade secret.
2. The extent to which the alleged trade secret is known by employees and others involved in the business of the trade secret owner. The greater the number of employees who know it the less likely it is a protectable trade secret.
3. The extent of measures taken to guard the secrecy of the alleged trade secret. The greater the security measures taken to maintain secrecy the more likely it is a protectable trade secret.
4. The value of the alleged trade secret to the trade secret owner and to his competitors. The more valuable it is the more likely that it is a protectable trade secret.
5. The amount of effort or money expended by the trade secret owner in developing the alleged trade secret. The more time, effort and money expended in developing it the more likely it is a protectable trade secret.
6. The ease or difficulty with which the alleged trade secret could be properly acquired or duplicated by others. The easier it is to acquire or duplicate it the less likely it is a protectable trade secret.

C. Absolute secrecy versus reasonable secrecy

1. Absolute secrecy is not required for something to qualify as a trade secret
2. Typically, only "reasonable" secrecy efforts are required for something to qualify as a trade secret
3. "Reasonableness" is a relative term which requires balancing the commercial value of a trade secret against the time, expense and effort expended to protect it

QUESTION 10: Your company routinely discards unwanted documents and other waste in a large garbage container behind the company. This garbage container is routinely emptied by a garbage company twice a week. They haul the materials to a dump where they are discarded. A competitor of your company hires employees to look at the discarded documents in the garbage container. These employees go through the garbage container at night when no one will see them. Based on the discarded documents they find engineers employed by your competitor are able to ascertain a secret process your company uses. Has your company taken adequate secrecy precautions so that the secret process qualifies as a trade secret? What factual information would help answer this question?

QUESTION 11: Acme Company develops a new process to produce methane gas faster and more cheaply than any other competitor. They maintain the process as an absolute secret. However, to utilize the process they must build a large manufacturing plant which covers an area equal to two square kilometers. During construction of the plant a competitor hires a pilot to fly over the plant and take pictures of it. The pictures are then examined by engineers who are able to figure out the new manufacturing process based on the plant layout. The pilot who flew the plane was flying in public airspace and he did not violate any existing laws by overflying the plant or by taking pictures of it. Has Acme company taken adequate secrecy precautions so that the secret process qualifies as a trade secret? What factual information would help answer this question?

QUESTION 12: In Question 11, above, assume a public road runs by the manufacturing plant. If anyone driving by can easily see the layout of the plant is the process a trade secret? What if the plant layout can only be seen via the use of very powerful binoculars?

D. Disclosure of a Trade Secret

1. Generally, disclosure of a trade secret destroys its status as a trade secret since once disclosed the trade secret is in the public domain and the owner no longer can control the trade secret
2. Sale of a trade secret may require disclosure to the potential buyer
3. Use of a trade secret in a business may require disclosure to employees of the business
4. A trade secret can be disclosed as long as such disclosure does not inject the trade secret into the public domain
5. The trade secret owner can disclose the trade secret pursuant to an agreement that the party who is given access to the trade secret will maintain it in secret. Such an agreement must comply with contract law to be an enforceable agreement. A sample contract of this type would look like the following:

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

WHEREAS, Roma Beckerman agrees to furnish the Acme Engineering Company certain confidential information relating to a new secret process for refining petroleum for the purposes of determining an interest in purchasing this new secret process;

WHEREAS, the Acme Engineering Company agrees to review, examine, and inspect such confidential information only for the purpose

described above, and to otherwise hold such information confidential pursuant to the terms of this Agreement.

BE IT KNOWN, that Roma Beckerman has or shall furnish to the Acme Engineering Company certain confidential information and may further allow the Acme Engineering Company the right to discuss or interview representatives of Roma Beckerman subject to the following conditions:

1. The Acme Engineering Company agrees to hold the confidential information in trust and confidence and agrees that: (a) it shall be used only for the purposes contemplated in this agreement; (b) it shall not be used for any other purpose; (c) nor shall it be disclosed to any third party without the written permission of Roma Beckerman.
2. No copies will be made or retained of any written information or prototypes supplied without the written permission of Roma Beckerman.
3. At the conclusion of any discussions, or upon demand by Roma Beckerman, all confidential information, including written notes, photographs, sketches, models, memoranda or notes taken by any party shall be returned to Roma Beckerman.
4. This Agreement shall be governed by the laws of the state of Ohio.

AGREED AND ACCEPTED BY:

Acme Engineering Company Roma Beckerman

By _____ Date _____

Title _____ Witness _____

Date _____

Witness _____

E. Typical Steps a Company can take to Safeguard Trade Secrets that Company employees may have access to in order to meet the requirement that "reasonable" secrecy precautions were taken

1. Notify employees when they are exposed to company trade secrets
2. Advise company employees that trade secrets are valuable confidential company property that must be kept confidential
3. Require company employees to sign confidentiality agreements as a condition of employment
4. Establish written confidentiality policies pertaining to trade secret that are distributed to all employees
5. Create trade secret oversight procedures to bar

inadvertent disclosure of trade secrets by employees in written publications, seminars, speeches or news reporter interviews

6. Install and monitor adequate security systems to control access to the company; this can include guards, electronic surveillance equipment, fencing, sign-in registers for all personnel & guests entering and leaving the company premises, physical barriers to bar unauthorized viewing of secret processes, etc.

7. Limit employee trade secret access on a need to know basis
8. Mandate that all employees wear picture identification cards at all times when they are at work

9. Divide components of a trade secret, if possible, between isolated company departments and personnel so no single individual has knowledge of the trade secret

10. Boldly mark confidential data and documents "confidential"; limit copies of confidential data/documents; account for all copies of confidential data/documents; destroy extra/unneeded copies of confidential data/documents

11. Require third parties, consultants and others who do business with the company to sign secrecy agreements

12. When an employee leaves company employment or retires have an exit interview where the employee is reminded of his obligation to maintain company trade secrets in confidence

F. Trade Secret Misappropriation

1. An action for trade secret "misappropriation" is typically based on one of the following: (i) a trade secret was acquired by "improper means"; or (ii) it was acquired in breach of a valid confidentiality agreement

2. The Uniform Trade Secret Act defines "improper means" and "misappropriation" as follows:

Section 1. Definitions

As used in this Act, unless the context requires otherwise:

(1) "Improper means" includes theft, bribery, misrepresentation, breach or inducement of a breach of duty to maintain secrecy, or espionage through electronic or other means.

(2) "Misappropriation " means:

(i) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or

(ii) disclosure or use of a trade secret of another without express or implied consent by a person who

(A) used improper means to acquire knowledge of the trade secret; or

(B) at the time of disclosure or use knew or had reason to know that his knowledge of the trade secret was

(I) derived from or through a person who has utilized improper means to acquire it;

(II) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or

(III) derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or

(C) before a material change of his position, knew or had reason to know that it was a trade secret or that knowledge of it had been acquired by accident or mistake.

G. Independent Development and Reverse Engineering of a Trade Secret

QUESTION 13: Assume a chemist purchases a bottle of Coca-Cola in the store. The chemist then is able to chemically break down the Coca-Cola in his laboratory and determine the formula for making Coca-Cola. If the formula for making Coca-Cola is a trade secret has the chemist misappropriated a trade secret? (Refer to the Uniform Trade Secrets Act above)

QUESTION 14: Assume a chemist, on his own, develops a cola beverage whose formula is identical to the formula used to make Coca-Cola. Has the chemist misappropriated a trade secret? (Refer to the Uniform Trade Secrets Act above)

H. Effect of Independent Development and Reverse Engineering of a Trade Secret on the continuing Status of the Trade Secret depends upon what is done with the Trade Secret by the party who engaged in Independent Development or Reverse Engineering

QUESTION 15: Assume the chemist in Question 14 maintains the formula as a secret. What is the status of Coca-Cola's trade secret?

QUESTION 16: Assume the chemist in Question 14 reveals the formula to a newspaper reporter who publishes it in the local newspaper. What is the status of Coca-Cola's trade secret?

I. Remedies for Misappropriation of a Trade Secret

1. Remedies are damages and/or injunctive relief

2. The Uniform Trade Secrets Act provides the following remedies:

Section 2. Injunctive Relief

(a) Actual or threatened misappropriation may be enjoined.

Upon application to the court, an injunction shall be terminated when the trade secret has ceased to exist, but the injunction may be continued for an additional reasonable period of time in order to eliminate commercial advantage that otherwise would be derived from the misappropriation

(b) If the court determines that it would be unreasonable to prohibit future use, an injunction may condition future use upon payment of a reasonable royalty for no longer than the period of time the use could have been prohibited.

(c) In appropriate circumstances, affirmative acts to protect a trade secret may be compelled by court order.

Section 3. Damages

(a) In addition to or in lieu of injunctive relief, a complainant may recover damages for the actual loss caused by misappropriation. A complainant also may recover for the unjust enrichment caused by misappropriation that is not taken into account in computing damages for actual loss.

(b) If willful and malicious misappropriation exists, the court may award exemplary damages in the amount not exceeding twice any award made under subsection (a).

Section 4. Attorney's Fees

If (i) a claim of misappropriation is made in bad faith, (ii) a motion to terminate an injunction is made or resisted in bad faith, or (iii) willful and malicious misappropriation exists, the court may award reasonable attorney's fees to the prevailing party.

J. International Treatment of Trade Secrets

1. Lack of foreign trade secret protection is an impediment to a large company entering a foreign market

QUESTION 17: Why is lack of trade secret protection a significant impediment to a foreign company entering a foreign market? Why is it more of an impediment than lack of foreign patent protection?

2. Foreign trade secret protection has varied significantly

3. Strong trade secret protection laws exist in some countries, such as England, France, Germany and Italy

4. England has a long history of trade secret protection; laws relating to the theft of trade secrets have existed in France since 1844 and in Germany since 1909

5. Other countries have only recently enacted trade secret laws; Japan enacted a trade secret law in 1991; India has strengthened its protection of trade secrets since 1991; a strong trade secrets law became effective in Korea in 1992; China adopted its first trade secrets law in 1993

6. North American Free Trade Agreement (NAFTA) is a trade agreement between the U.S., Mexico and Canada which was agreed to in 1992; NAFTA requires member countries to protect trade secrets from unauthorized acquisition, disclosure and use. Remedies for such unauthorized conduct must include both damages and injunctive relief; the trade secret protection required by NAFTA is consistent with U.S. trade secret law.

7. General Agreement on Tariffs and Trade (GATT) concluded in 1994 between the major industrial nations, including the U.S., required protection of intellectual property in member countries; Pursuant to GATT, the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement was promulgated; TRIPS requires member countries to protect commercially valuable secret information that is the subject of reasonable efforts to maintain its secrecy; this secret information must be protected from use by third parties, without the consent of the owner, if such use is contrary to honest commercial practices; member countries must also provide remedies for misappropriation of such secret information including injunctive relief and damages; the protection required by GATT is consistent with U.S. trade secret law.

III. Patent Law

A. Purposes of patent law

1. The ultimate goal of patent law is to allow society to benefit from inventions

2. The U.S. Supreme Court has stated that the Patent law has three underlying purposes to further the above goal

* Foster and reward invention

* Promote disclosure of inventions, to stimulate further innovation and to permit the public to practice the invention once the patent expires

* The stringent requirements for patent protection seek to assure that ideas in the public domain remain for the free use of the public

4. The underlying assumption is that individuals will only be spurred to make capital investment in research and development if they are able to gain an economic benefit from the result of their activities

B. Utility Patents - Statutory Categories - An invention must fit within at least one of the following statutory categories to be patentable

1. Process - method of doing something; it can be a new use of existing technology

2. Machine

3. Manufacture - generally refers to fabricated products

4. Composition of matter - this can include new chemicals and even new life forms such as genetically engineered animals; this is an area of controversy in the U.S. today

5. New and useful improvement of any of the above categories

C. Utility Patents - Judicial Limitations on the Statutory Categories

1. Typically, an invention must be "human-made" so the finder of something that naturally occurs in nature is not patentable. However, a human-made modification of something that is naturally occurring may be patentable. For example, a patent has been issued on a mouse that has been genetically modified by scientists.

QUESTION 18: If an animal is genetically modified what are the aspects of this animal that are potentially patentable?

2. Printed matter is not patentable
3. Methods of doing business are not patentable
4. Laws of nature and natural phenomena are not patentable
5. Scientific or mathematical principles are not patentable
6. Bookkeeping systems are not patentable
7. Abstract ideas and mental steps are not patentable
8. Computer software traditionally was held to be non- statutory subject matter by the U.S. Patent and Trademark Office (PTO); however, court decisions have forced the PTO to change their view; computer software is generally patentable today; it can be viewed as a process defining the actions of a computer; or it can be viewed as a part of physical computer equipment and therefore it is a machine or a manufacture

D. Utility Patents - The "Utility" Requirement

1. The invention must have some real-world use
2. The patent applicant must assert this real-world use for the invention in the patent application
3. The utility requirement is satisfied if a person of ordinary skill in the art would consider the asserted use to be credible
4. Typically, for mechanical and electrical inventions the asserted utility is accepted as credible provided it does not violate generally accepted scientific principles
5. If the asserted utility is contrary to generally accepted scientific principles the PTO may require evidence that the invention actually accomplishes the asserted goal; the PTO may, at its option, require a working model of the invention
6. The utility requirement has become more of an issue with regard to biotechnology inventions

QUESTION 19: Roma develops a new chemical compound that has unique properties. However, Roma does not know of any use for the new compound at the present time. Does this invention satisfy the utility requirement? If Leonid subsequently discovers that the compound can be used to treat viruses in animals does the invention now have utility? What statutory category does the invention fall within? Who is entitled to the invention - Roma or Leonid?

E. Utility Patents - Novelty Requirement

1. Invention must be new
2. Invention must be original to the inventor
3. Invention was not publicly known, used or patented or described in a printed publication in the U.S. by someone other than the inventor before the invention by the inventor
4. Invention was not patented or described in a printed publication in a foreign country by someone other than the inventor before the invention by the inventor
5. The inventor must file a patent application within one year of his public disclosure of the invention in the U.S. or a foreign country
6. The inventor must file a patent application within one year of his public use or his offering the invention for sale in the U.S.
7. The one year time limit in #5 and #6, above, is strictly construed; this one year grace period is generally not offered in foreign countries which generally bar patent protection once an invention is publicly disclosed or used
8. The inventor is barred from getting a patent if he has abandoned, suppressed or concealed the invention

QUESTION 20: Andrew is developing a new pavement material that can survive heavy truck traffic with negligible wear. He is having difficulty creating the right mixture of ingredients and he must perform tests of the material under actual traffic conditions to perfect the invention. He gets permission to pave a busy portion of a public highway to test his pavement. He spends two years experimenting before he finds the proper mixture of ingredients. Can Andrew file for a patent?

F. Utility Patents - Competing Inventors

1. Only one patent is issued per invention
2. If two inventors independently invent the same thing and they each file a patent application the PTO declares an interference and an administrative proceeding is held in the PTO to determine who is entitled to the patent; alternatively, the parties can opt for arbitration to determine who is the first inventor

3. The inventor who files the first patent application is the senior party and the inventor who files the later patent application is the junior party; the burden of proof in the interference proceeding is on the junior party
4. The operative dates in the interference are the dates of conception & reduction to practice of the invention
5. Proving the date of conception can be very difficult; PTO provides document disclosure program which allows inventor to submit papers to the PTO which disclose invention; the PTO will accept these papers as proving date of conception; however, PTO will only retain these papers for two years
6. The controlling statute states:

"In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other."

QUESTION 21: Leonid is a bus driver who invents things in his spare time. Leonid conceives of a new type of electric circuit on January 1, 1990. He spends all of his spare time and money developing his invention. However, due to limited time and resources he does not complete a working model of his invention until January 1, 1995. He then files a patent application on February 1, 1995. Roma is a scientist working for Siemens which is a large corporation. Roma conceives the same circuit as Leonid on January 1, 1991. He is able to create working model of the invention and file a patent application on it on January 1, 1993. Who is entitled to the patent?

7. Proof of a date of invention can only be based on things that occurred in the U.S., a country that is a member of NAFTA or a country that is a member of the World Trade Organization (WTO) which was established pursuant to GATT and has its headquarters in Geneva, Switzerland

G. Utility Patents - Non-obviousness Requirement

1. An invention that is novel and useful must rise to a certain level of inventiveness to be patentable
2. The invention must not be obvious to one skilled in the art
3. The controlling statute states:

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made."

4. The Supreme Court has held that the following questions should be asked to determine non-obviousness:

- i. What is the scope and content of the prior art?
- ii. What are the differences between the prior art and the invention?
- iii. What is the level of ordinary skill in the art?
- iv. Do any secondary considerations, such as commercial success, long felt but unresolved need, or the failure of others, exist?

5. The secret prior art problem

QUESTION 22: Andrew invented a new microprocessor on March 1, 1995 and he filed a patent application for it on April 1, 1995. Roma invented a different microprocessor on January 1, 1993 and he filed a patent application for it on February 1, 1993. The patent office issued a patent on Roma's microprocessor on January 1, 1995. To someone skilled in the art of microprocessors Andrew's patent is obvious in light of the prior patent issued to Roma; therefore, Andrew's patent will be denied. What would be the result if Roma's patent was delayed due to administrative error in the PTO and it was not issued until May 15, 1995? Would an interference be declared by the PTO? Would Roma's patent be prior art to Andrew's patent?

H. Overview of the Administrative Process of Obtaining a patent

1. Patent attorney vs. ordinary attorney
2. Patent searching
3. Patentability opinion
4. Patent application - drawings of invention; description of prior art; objects of invention; description of how the invention is made and operates (strict U.S. disclosure requirements); patent claims
5. Patent examiners divided by specialty assigned to examine application
6. Office actions
7. Examiner interviews
8. Administrative appeal of patent application rejection
9. Appeal of administrative rejection of patent application to judicial court

10. During the patent application process the documents and all aspects of the proceedings are kept secret
11. Upon issuance a patent and the entire patent file become public documents that anyone can view
12. If a patent is not issued the rejected or abandoned application is maintained in secrecy

I. Rights Granted Under a Utility Patent

1. Anyone who, without authority, makes, uses, offers to sell, or sells any patented invention in the U.S. or imports any patented invention into the U.S. infringes that patent
2. Anyone who, without authority, imports into the U.S. or sells or uses within the U.S. a product which is made by a process patented in the U.S. shall be liable as an infringer
of the product occurs during the term of such process patent
3. The inventor's rights last for 20 years from the filing date of the patent application
4. These rights can be enforced in a federal court by bringing a patent infringement action against the infringer
5. The infringer can challenge to validity of the issued patent and the court can make its own finding of patent validity
6. Patent infringement is a civil (not criminal action) and the remedy can be an injunction or monetary damages
7. Typical monetary damages for infringement will equal a reasonable royalty rate for use of the patented invention
8. The court has the option of trebling the damages and awarding attorney fees but this is usually limited to cases of willful infringement

J. Patent Reexamination

1. After a patent is issued anyone can submit relevant patents or printed publications to the patent office and request reexamination of the issued patent
2. The PTO will evaluate the submitted materials and determine if the patent should be reexamined
3. If the PTO determines that the patent should be reexamined it will provide the patent owner an opportunity to respond to the submitted information

K. Utility Patent Protection vs. Trade Secret Protection

1. Typically, an inventor can elect to rely on trade secret protection or patent protection

QUESTION 23: If an inventor elects to rely on trade secret protection to protect his invention that election is typically final. He can not seek a patent on the invention at a later date. If another inventor subsequently invents the same invention and files a patent application on his invention can he obtain a patent?

QUESTION 24: If an inventor files a patent application which is ultimately rejected can he elect to rely on trade secret protection after the rejection?

2. Trade secret law protects more types of innovations than patent law
3. Fixed duration of protection vs. uncertain duration of protection
4. Disclosure risks will vary with type of invention and how it is used by its owner
5. Availability of foreign protection can be a consideration

L. Plant Patents

1. Anyone who invents or discovers and asexually reproduces any distinct and new variety of plant can obtain a patent for that plant
2. The rules governing utility patents generally apply to plant patents
3. The plant patent owner has the right to exclude
others from asexually reproducing the plant or selling or using the plant so reproduced

M. Design Patents

1. Anyone who invents any new, original and ornamental design for an article of manufacture may obtain a design patent for that design
2. Only articles of manufacture are eligible for design patent protection
3. Design patents protect the exterior non-functional ornamental appearance of an article of manufacture
4. The rules governing utility patents generally apply to design patents except that the term of a design patent is 14 years

5. Design patents can overlap with copyright protection of a three-dimensional object

N. Proposed Changes in U.S. Patent Law

1. First to file system of patent priority - proposed many times in the past but unclear if it will be adopted in the near future
2. Legislation is pending that would require patent applications to be published 18 months after filing; this legislation is likely to pass and would make U.S. patent law consistent with foreign patent law
3. Allow third parties the right to participate in reexamination proceedings

O. Patent Cooperation Treaty (PCT)

1. More than 80 countries including the U.S. and the Ukraine are signatories of this treaty (member countries are called contracting states under the PCT)
2. PCT allows a single patent application to be filed that can designate numerous contracting states for simultaneously seeking patent protection
3. A single international search can be performed on the application and it can be amended at this international stage
3. Ultimately, you must proceed to the national phase of the patent application and seek patent protection in each contracting state individually after the international phase

IV. Trademark Law

A. Definition of Trademarks

1. Words, names, designs, symbols or devices that are used by a merchant to identify his goods and distinguish them from goods manufactured and sold by others
2. Well known trademarks - Coca-Cola; McDonalds

B. Other Types of Trademarks

1. Service marks - trademark used in the sale or advertising of services to distinguish someone's services from services of others
2. Certification marks - trademark used on products or in connection with services to indicate products or services meet certain characteristics such as quality standards, regional origin, or that they were made by members of a union or other organization
3. Collective marks - trademark or service mark used by members of cooperative, an association or other organization

C. Purpose of Trademark Law

1. Marketing device to identify goods or services
2. Prevents consumer confusion
3. Protects property interest developed by manufacturer or seller by advertising
4. Importance of trademarks directly proportional to how much of a free-market economy exists

D. Property Interest Protected by Trademark Law

1. Property rights do not arise in the trademark itself
2. The property interest is the mental association in the mind of consumers associated with seeing the trademark
3. The geographic scope of property rights associated with a trademark is defined by the area of actual use of the trademark
4. The scope of the property rights associated with a trademark is also defined by the actual products the trademark is associated with

E. Choosing a Trademark

1. The choice of a trademark can be critical
2. Generic words are generally not protectable since their use is not associated with any particular person or company
3. Descriptive words can be used as a trademark if they have developed secondary meaning
4. Arbitrary or fanciful words are often chosen as trademarks since no prior or competing association exists in consumer minds with regard to such words; however, if the company markets such a trademark too successfully it can become a generic word and trademark rights will be lost

F. Expansion of Trademark Rights in the U.S.

1. Traditionally, trademarks have been limited to words, phrases and designs

2. Recently, a smell associated with a product and the color of a product have recognized as valid trademarks

3. Attempts are currently being made to recognize distinctive sounds as a valid trademark

G. Creation & Protection of Trademark Rights

1. Trademark rights are created by actual use of the trademark such that consumers associate your trademark with your goods

2. Once a trademark is used state common law rights exist

3. Once trademark rights exist under state common law the owner of the trademark can (but is not required to) file an application for registration of the trademark under federal law

4. An application for federal registration of a trademark can be filed prior to its actual use if the applicant has a bona fide intent to actually use the trademark after the trademark application is allowed; actual use generally must occur within 6 months of the application being allowed

5. Federal registration of a trademark automatically gives the trademark owner rights to use the trademark throughout the U.S. except where someone else used the same or a similar trademark prior to the owner's registration

H. Overview of the Trademark Registration Procedure

1. Trademark registration application discloses the trademark and what goods/services it will be used in conjunction with

2. The PTO will allow the registration or it will notify the applicant why it is rejecting the application and the applicant can respond to the PTO and attempt to overcome the rejection

3. Upon allowance the trademark application is published and anyone who believes he will be damaged by registration of the trademark can oppose its registration within 30 days of publication of the application

4. If registration of the trademark is allowed it will be published in a public registry which will serve as constructive notice of its registration as a trademark

I. Trademark Infringement

1. Test for infringement is likelihood of confusion among consumers in the intended market for the goods associated with the trademark

2. Factors courts consider in evaluating infringement

* Strength of the mark

* Similarity of the marks

* Product proximity

* Comparative quality of the products

* Bridging the gap

* Actual confusion

* Good faith

* Sophistication of the buyers in the intended market

3. Likelihood of confusion may be proven by market survey evidence

4. Both actual damages and injunctive relief available for infringement

5. Reasonable attorney fees may be awarded to the prevailing party at the discretion of the court

QUESTION 25: Leonid uses the trademark KUSH BALL to sell a toy from a store in New York City. He only uses the trademark at that one store. He has been using the trademark since 1990. Toy Company begins selling the same toy in 1992 from several stores in the U.S. However, they have no stores in New York City. They also use the trademark KUSH BALL to sell the same toy. If neither Leonid nor Toy Company obtain a federal registration for the trademark what rights does each party have to use the trademark? If Leonid, but not Toy Company, obtains a federal registration for the trademark what rights does each party have to use the trademark? If Toy Company, but not Leonid, obtains a federal registration for the trademark what rights does each party have to use the trademark?