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INTELLECTUAL PROPERTY LAW PRIMER

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Intellectual Property = Property relating to Knowledge, Ideas.
PATENTS, COPYRIGHTS, TRADEMARKS, TRADE SECRETS

I. PATENTS (See <http://www.uspto.gov>)

A. IN GENERAL

1. A creature of exclusively Federal Statute 35 USC and applicable Federal Regulations - 37 CFR
 - a. Infringement is an exclusively Federal issue
2. A patent has the attributes of personal property.
 - b. Ownership, contract or license interpretation are not necessarily Federal issues
3. Right to exclude others from practicing the invention (**Manufacture, use or sale**)
4. Does not necessarily give right to practice invention in face of previous patents which it may infringe
5. "Patent Pending" = an application has been filed - no legal significance. (Applications are kept in secrecy for 18 months then published)

B. Types of patents

1. **Utility**: 20 years from date of filing (if all maintenance fees are paid -4,8,12 years)
Standard - novelty and utility
2. **Design**: 14 years
Standard - novelty of appearance (**ornamental**) of utilitarian object, but cannot be dictated by utilitarian functions.
3. **Plant**: 20 years from date of filing
Standard - **asexually** reproduced, non-tuber propagated plant varieties

C. What is involved in obtaining a patent?

A "strong" patent is different from a "broad" patent

1. A patent application is filed containing a "full disclosure" of the invention.
Required - Detailed description, drawings, claims, fee.
Small entity Fee= 50%
Give and take with the Patent Office
Typically 1.5 -3 years
2. "Provisional" Applications (since 1995)
 - a. Advantages-
Provides extended time (one additional year)
Initial filing fee is less expensive (but see disadvantage below)
 - b. Disadvantages
Can provide a false sense of security (easy to make errors)
Is not less expensive overall (must be followed with a regular application within 1 year)
Not as cheap a "disclosure document" (\$10)
Cannot become a patent without following up

3. Legal Requirements

Synopsis - 35 USC § 102 Statutory bars

- c. applicant has abandoned
- f. applicant is not inventor

Before invention by applicant

- a. known or used in this country,
patented or published anywhere
- e. described in patent of another if filed before invention by applicant
- g. invented by another w/o abandonment, concealment or suppression

1 year before application

- b. patented or described anywhere
public use or sale in this country
- d. patented or subject of inventor's certificate by applicant or assigns if
patent is issued prior to filing of U.S. application and foreign
application is filed more than 1 year prior to U.S. application

35 USC § 103 Statutory bars - Similar to §102 but less stringent - subject matter as whole would be obvious to one "skilled in the art" - Allows combining of references.

D. INFRINGEMENT

1. Patent has presumption of validity
2. Each element (or its equivalent) of a **claim** is found in allegedly infringing device + Manufacture, use or sale within U.S. of infringing item.
"Innocence" of infringement is of no significance but willful infringement or patentee's failure to mark may affect award and/or attorney's fees.
3. Defenses - Examples
 - a. Non-infringement
 - b. Invalidity as under 102 or 103 above (successful up to 50% of time) usually requires new prior art.
 - c. Inequitable conduct (misconduct in procuring patent-generally a violation of duty of candor)

E. REMEDIES

1. Injunction
2. Minimum award of reasonable royalty
3. Discretionary -Treble Damages
4. Attorneys fees ("Exceptional" cases, i.e. willful infringement, etc.)

F. OWNERSHIP

1. Inventor is owner in absence of assignment
 - a. An Employer may have "Shop Rights" (implied license) where employee is inventor

G. AMERICAN INVENTOR'S PROTECTION ACT 35 USC §297

Requires invention promotion firms to provide a track record

II. COPYRIGHTS (See <http://lcweb.loc.gov/copyright>)

Since 1978 creature of exclusively Federal Statute 17 USC and applicable Federal Regulations

A. IN GENERAL

1. Standard for copyrightable material:

- **Artistic and non-utilitarian aspects of creation**

Applies to only the specific expression (in tangible form), not to underlying idea. **Copyright exists from moment of creation in tangible form**, registration is not required to establish its existence (but...see B)

2. Not copyrightable or registrable:

Titles, slogans, blank forms, typographic ornamentation, lists of ingredients, ideas, plans, patterns, methods, systems, standard information - calendars, rulers, schedules, tables, compilation of facts.

3. Duration - Generally, Life of author plus 70 years.

(Anonymous, Pseudonymous Works, and Works Made for Hire.- 95 years from the year of first publication, or 120 years from the year of its creation, whichever expires first.)

4. A Copyright is Personal property (intangible)

- a. Ownership, etc. is not necessarily Federal issue and may be determined in context of a civil action including, domestic disputes and probate
- b. Copyright of "Work for hire" is owned by employer in absence of written agreement otherwise. However, an independent contractor is probably not an employee
- c. Otherwise - Transfer of copyright **must be in writing**
- d. Ownership of article (even the original) is independent of ownership of copyright interest.
- e. Statutory marking= © or "Copyright", owner and year date of publication (**Marking not required as of March 1, 1989**, but may affect status of infringer as innocent)
- f. A work of the U.S. Government is not copyrightable.

B. Benefits of Registration

1. **Required prior to filing suit** (expedited procedure available at additional expense)
2. **Necessary** (prior to commencement of infringement or within 3 months of publication) for allowance of Statutory damages (no proof of injury required, discretion of court)
3. **Necessary** (same terms as 2) for allowance of attorney's fees

C. Methods of registration:

1. In general -submission of application with deposit material and fee
 - a. Registration of compilation to cover each element of contents if published together
Example: catalog of unpublished photographs

D. Infringement

1. =Violation of exclusive rights reserved to owner
General Standard = copying (circumstantially shown by **access and similarity**)
2. Infringement is exclusively Federal issue (decided only by federal courts)
3. Also punishable as criminal offenses:
 - a. Criminal Infringement- Willful infringement for commercial advantage or private financial gain
 - b. Fraudulent Copyright Notice
 - c. Fraudulent Removal of Copyright Notice

4. Defenses (Civil)
 - a. Non-infringement
 - b. Independent creation
 - c. Major Exceptions
 1. Fair use (factors include educational, non-commercial)
 2. Libraries and Archives
5. Remedies
 1. Injunction
 2. Owner's loss / Infringer's profits or both
 3. Statutory damages (determined by the court)
 - \$750 to \$30,000 in ordinary case
 - \$200 to \$30,000 for innocent infringement (Probably not innocent with marking)
 - \$750 to \$150,000 for willful infringement
 4. Attorney's fees (with registration)
 5. Award of continuing reasonable royalty

III. TRADEMARKS (See <http://www.uspto.gov>)

A. IN GENERAL

1. Trademark or Service mark = Mark used in relation to goods or services to identify source
 - a. also - Certification and Collective Marks
2. Both State and Federal Jurisdiction
 - a. Both Common Law and Statutory
 - (i.) New Mexico 57-3B-2. Purpose and intent of act.
The purpose of the Trademark Act [57-3B-1 to 57-3B-17 NMSA 1978] is to provide a system of state trademark registration and protection substantially consistent with the federal system of trademark registration and protection under the Trademark Act of 1946, as amended. It is the intent that the construction given the federal act should be examined as persuasive authority for interpreting and construing the Trademark Act.

3. Common Examples:

Terms used as Trademarks

	Registrable	<-	->	Not normally registrable	
<u>Fanciful</u>	<u>Arbitrary</u>	<u>Suggestive</u>		<u>Descriptive</u>	<u>Generic</u>
Kodak	Mustang	Spic and Span		Mr. Peanut	Soap
Film	Auto	Cleaner		Peanuts	Soap

Also see appendix for additional examples

- B. Federal Trademark law revision effective November 16, 1989
(Lanham Act 1946, 15 USC §1051 et seq.)

C. FEDERAL REGISTRATION

1. Renewable every 10 years on marks filed after November 16, 1989
2. Principal Register
 - Registration = Constructive notice of ownership
 - No innocent infringers if mark is registered (and markings are proper)
 - Presumption of validity (no need to establish secondary meaning)

Provides a strong position for establishing rights to Internet domain names

a. Requirements

Interstate use or intent to use

No confusing similarity with mark previously used or registered (Concurrent registration possible for prior use/later registration.)

Not scandalous

Not a national flag or insignia

Not primarily descriptive or deceptively misdescriptive

Not primarily a surname

Not geographically descriptive or misdescriptive

b. "Acquired distinctiveness" = otherwise unregistrable as descriptive (example: "Gourmet" popcorn
Exclusive continuous use for 5 years prior to application

c. Incontestability

5 years continuous use after registration

3. Supplemental Register- Not constructive notice

a. Mark = Otherwise unregistrable as descriptive

b. Actual Interstate Use + Capable of distinguishing applicant's good or services

c. After Exclusive continuous use for 5 years may be registrable on Principal Register

C. INFRINGEMENT - Federal

1. Standard for infringement = confusing similarity

Factual determination based upon comparison of mark, product, markets, etc.

a. Federal Infringement is exclusively Federal issue

Federal District Courts w/Appeal to Circuit Courts

2. Dilution-Weakening or tarnishing a mark, affecting distinctive quality of a plaintiff's mark

D. REMEDIES- Federal

1. Injunction

2. Destruction of infringing articles

3. Owner's loss plus Infringer's profits (or Court's discretion)

a. Actual notice or marking required - ® or "Reg. U.S. Pat. & Tm. Off." for recovery of profits and/or damages

4. Costs

5. Attorneys fees ("Exceptional" cases, i.e. willful conduct, fraud, etc.)

E. DEFENSES- Federal

1. Non-infringement

2. Priority (earlier use)

3. Innocent adoption in remote geographic location

4. Fair use (i.e. direct brand name comparison in advertising, or use of descriptive term)

F. COLORADO - similar to previous Federal scheme

1. Use in State required

2. Differences:

Cancellation instead of refusal to register

Common Law protection remains available

3. Statutory Remedies- Colorado

- a. Injunction
- b. Owner's loss plus Infringer's profits
- c. Destruction of Infringing articles
- d. Costs-no specific provision
- e. Attorneys fees - at discretion of court
in cancellation or infringement action

IV. TRADE SECRETS (Uniform Trade Secrets Act in Colorado and NM)

A. May be of unlimited duration

B. In Colorado - Uniform Trade Secrets Act (See Appendix)

1. Definition:

- a. Information with value
- b. Steps taken to insure secrecy

C. Most often - a matter of agreement between parties based upon contract or some existing relationship

D. Theft of Trade Secrets may also result in criminal liability in Colorado. Included in "theft" is unauthorized disclosure.

Appendix

EXAMPLES OF PROTECTABLE INTERESTS USING COCA-COLA® AS SUBJECT

These examples are intended to show the distinctions and potential overlap of the various areas of Intellectual Property.

AS PATENT

- Utility-Bottling Technique?
- Design-Bottle Shape

AS COPYRIGHT

- Stylized Logo
- Bottle shape as sculpture

AS TRADEMARK

- Name: Coca-Cola, Coke
- Logo: Name with Stylized lettering
- Identifiable packaging: Coke Bottle
- Slogan: The Real Thing

AS TRADE SECRET

- Formula for Coca-Cola Classic
- Bottling Technique prior to issuance of patent

STATE STATUTES

NEW MEXICO STATUTES REGARDING TRADE SECRETS

57-3A-1. Short title.

Sections 1 through 7 [57-3A-1 to 57-3A-7 NMSA 1978] of this act may be cited as the "Uniform Trade Secrets Act".

57-3A-2. Definitions.

As used in the Uniform Trade Secrets Act [57-3A-1 to 57-3A-7 NMSA 1978]:

A. "improper means" includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy or espionage through electronic or other means;

B. "misappropriation" means:

- (1) 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
- (2) disclosure of 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:
 - 1) derived from or through a person who had utilized improper means to acquire it;
 - 2) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or
 - 3) 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 and that knowledge of it had been acquired by accident or mistake;

C. "person" means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency or any other legal or commercial entity; and

D. "trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process, that:

- (1) 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
- (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

COLORADO STATUTES REGARDING TRADE SECRETS

CRS §7-74-101 to §7-74-109

7-74-101. Short title. This article shall be known and may be cited as the "Uniform Trade Secrets Act".

7-74-102. Definitions.

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

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

(2) "Misappropriation" means:

- (a) 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

(b) Disclosure or use of a trade secret of another without express or implied consent by a person who:

(I) Used improper means to acquire knowledge of the trade secret; or

(II) At the time of disclosure or use, knew or had reason to know that his knowledge of the trade secret was:

(A) Derived from or through a person who had utilized improper means to acquire it;

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

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

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

(3) "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.

(4) "Trade secret" means the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, improvement, confidential business or financial information, listing of names, addresses, or telephone numbers, or other information relating to any business or profession which is secret and of value. To be a "trade secret" the owner thereof must have taken measures to prevent the secret from becoming available to persons other than those selected by the owner to have access thereto for limited purposes.

COLORADO STATUTE REGARDING COVENANTS NOT TO COMPETE

8-2-113. Unlawful to intimidate workman - agreement not to compete.

(1) It shall be unlawful to use force, threats, or other means of intimidation to prevent any person from engaging in any lawful occupation at any place he sees fit.

(2) Any covenant not to compete which restricts the right of any person to receive compensation for performance of skilled or unskilled labor for any employer shall be void, but this subsection (2) shall not apply to:

(a) Any contract for the purchase and sale of a business or the assets of a business;

(b) Any contract for the protection of trade secrets;

(c) Any contractual provision providing for recovery of the expense of educating and training an employee who has served an employer for a period of less than two years;

(d) Executive and management personnel and officers and employees who constitute professional staff to executive and management personnel.

(3) [Specific provision relating to physicians]

NEW MEXICO DOES NOT APPEAR TO HAVE ANY SIMILAR PROVISION