

The Shibolet Times

Published by **SHIBOLETH**

A ROUNDUP OF LEGAL AND COMMUNITY NEWS IN NEW YORK & ISRAEL

Vol. 1. No. 2 Fall 2006

IP101: The Protection of Intellectual Property in the U.S.

Our IP team, Sam Rosen and Shirley Baier Stein, provide a general overview of the basics of the ever-developing field of intellectual property.

While most of us are familiar with how to protect our physical property from theft and illegal use, there are an increasing amount of businesses in the U.S. who are involved in creation, development and utilization of intellectual property. Many 21st century businessmen feel they must be well versed with the fundamental terms of IP. The three most common types of intellectual property, patents – which protect innovative and useful ideas, trademarks - which protect names and logos of businesses and copyrights – which protect tangible media, are explained, followed by an introduction to several additional common IP terms.

Patents

A patent is a property right granted to an inventor to protect an invention. There are three types of patents: (1) utility patent, granted for new useful process, machine, article of manufacture or composition of matter or improvement thereof; (2) design patent, granted for new original and ornamental design for an article of manufacture; and (3) plant patent, granted to an inventor who invents or discovers a distinct new variety of plant.

Before filing an application, the inventor must determine whether his or her invention can be patented. A patent will be granted for an invention which is: (1) new – was not known before in the U.S. or another country; (2) If the invention is an improvement of a known subject mat-

ter – the patent may be refused if the difference is obvious; and (3) useful.

Patent applications in the US are filed with the United States Patent and Trademark Office. A patent application must include a written statement with a detailed description of the invention, the list of claims, an oath of declaration, drawings if necessary, and fees for filing, search and examination. The USPTO strongly recommends that a patent applicant retain the service of a registered patent attorney or patent agent to prepare and prosecute applications. The duration of

“To register a patent it must be new, non-obvious and useful”

the protection is 20 years from the time of the patent application.

Before filing the application, it is recommended to conduct a search of prior art, to check whether there is a similar invention already registered or pending. For those who cannot wait the time it takes to draft a long and detailed application, it is possible to file a preliminary application, which is shorter and enables the inventor to maintain the filing date for a year. Within that year, the inventor must file a non-provisional patent application. Provisional applications permit the term “patent pending” to be applied in connection with the invention, which is, in many times a major factor for investors.

Our IP team in New York is in constant contact with Ed Langer, the head of the patent office in our Tel Aviv affiliate,

who has registered over one hundred patents in the US and visits us in New York several times a year. Those interested in learning more about the patent process are welcome to join Ed’s patent seminar presented several times a year in our NY office.

Trademarks

A trademark can be a word, name, symbol or device or any combination thereof used in commerce to identify and distinguish the goods of one manufacturer from those of others, and to indicate the source of the goods.

While domain names, a high-speed developing field in itself, is by large, regulated by recognized not-for-profit organizations (see www.ICANN.org), it is often beneficial to register a trademark, granting additional forms of relief to registration with a domain name registrar.

A service mark is basically the same as a trademark, only to identify a service. A trademark may protect a word, name, symbol, sound and even color. Unlike patents, trademarks may be renewed forever as long as they are being used in commerce.

A right in a trademark is established by a legitimate use of the mark. Such marks are protected by the law, and are called common law trademarks. Registering a trademark with the Principal Register provides several advantages: constructive notice to the public of the registrant’s claim in the mark; legal presumption of the registrant’s owner-

(Continued on page 2)

ship of the mark; ability to bring action in Federal court; use U.S. registration as basis to receive registration in foreign countries and ability to protect importation of infringing foreign goods.

An application to register a trademark must be filed with the USPTO, and the trademark will be registered under one or more categories that describe the industry of the goods for which the trademark is being registered (such as computers, toys, etc.). This limits the scope of the right only to certain industries however prevents unfair competition within the same industry. After filing the application, and while the application is pending, the mark may be identified by TM or SM. After it

“Domain names are registered in a domain name registry and may also be trademarked“

is registered, the mark may be followed by ® for Registered.

Copyrights

The protection of an original work of art, such as a book, transcript, painting, photograph, software or musical work, is called copyright. Protection under the Copyright Law is automatic when a work is created, i.e. when it is fixed in a tangible medium, such as when the book is written or when music is recorded. Copyright is the right to reproduce a work, prepare a derivative work, distribute copies of a work and perform or display the work publicly and enables its holder to prevent others from using his or her work. The duration of copyright if the work was created after January 1, 1978 is for the term of the life of the author plus seventy years after the author’s death.

Although the registration of such right is not required for it to exist, it is recommended to register such right with the Copyright Office. The registration provides a larger protection in that it (1) enables to sue for the mere infringement of copyright in addition to damages following an infringement; (2) prevents the importation of illegal copies of the work into the U.S.; and (3) enables the holder to require statutory damages and attorney’s fees in case of a law suit. With no registration, a plaintiff may only request the damages actually suffered, which are usually much lower than the statutory damages. The statutory damages are a maximum of \$150,000 per infringement, and the amount increases with the number of infringements. It should be noted that the actual sums of statutory damages are usually used for deterrence and are not enforced. Therefore, courts would many times not grant those sums are damages, however, they will tend to grant sums that are higher than the actual damages suffered.

Non-Disclosure Agreements

Before developing an idea and investing time and money in protection of the intellectual property, it often happens that inventors and creators want to make sure that the relevant in-

dustry has commercial interest in the idea. In order to protect an idea in a way that would prevent it from being used without the consent and knowledge of its owner, assuming that the right business people are indeed interested in such idea and would like to examine it, it is best to arrive to such meeting with a non-disclosure agreement, and to have all people that are present sign it. Although a non-disclosure agreement can not replace the registering of the relevant right it grants certain contractual protection and may provide the basis for damages for unauthorized use and restitution for attorney’s fees in case of a lawsuit.

Poor Man’s Copyright

Proof of a date when a work was created may become an issue in a legal dispute over the ownership of a work. A common mistake of many authors is the belief that mailing the work to oneself on certified mail and keeping it closed is enough to show that the work existed on that date. The logic

“A copyright exists automatically when art is created. Registration is not necessary, but provides larger protection than ‘common law’ copyright “

behind this act is, that this may be a prima facie evidence showing that the work existed with the author on the day of the mailing of the envelope. In the U.S., this act may not replace registration, and was named “poor man’s copyright,” to indicate that this will be one proof of many that will be required in court to prove the ownership of the work. In addition, even if

the mailing proof will be found sufficient to prove the ownership, the author will still be missing the right for statutory damages and attorney’s fees, which are available to those who register the copyright, as noted above.

Licensing and Fair Use

The use of works of art for business and marketing purposes, such as music for commercials, or use of brand names in movies and TV shows, is a common thing in the commercial world. If the work belongs to someone and is not in the public domain, it may not be used without authorization, and a permit must be obtained from the holder of the right. A license to use a work would probably be granted for royalty payment to the holder of the right. There are bodies whose job is to license works for use of others. These bodies hold the rights for a number of works of a number of authors, and their purpose is to ease the process of obtaining licenses to use works. One may turn to these bodies instead of looking for each particular author. This arrangement works for the authors as well, freeing their hands to create and not deal with the commercial aspect.

Since in the U.S. there are so many authors, not all authors

(Continued on page 3)

are represented by a body as described above. If the author is not represented, one must turn directly to the author to ask for authorization. In many cases, it is hard to locate the right holder, especially in cases where the right is transferred or sold to different people or bodies that are not related to the original author. In such case, it is better to refrain from using the work, in order not to be subjected to a copyright infringement lawsuit. When the desired use is not for profit, or for a limited purpose, many right holders allow the use of the work, and require only that their name appear. Therefore, a local play, which will be done in a limited geographic area, using a song of a well-known rock band, or a

“Certain use of copyrighted material is allowed without obtaining a license under the Fair Use doctrine”

trademark of a known sports team, will probably not face a problem obtaining free use of the right, as long as the use is limited and local. Such free license will probably expire has the use become larger and the exposure is to a larger audience.

