

# Navigating the Intellectual Property Landscape: A Primer for New Businesses and Businesses Readying a New Product/Service Launch

By Joel J. Felber and Yuval H. Marcus

## I. Introduction

Company assets typically comprise both intellectual and physical property, with the former often being more valuable than the latter. Protecting a company's intellectual property, including inventions, brands, writings, trade secrets, and know-how, can be paramount for growth and/or to establish a competitive advantage. Such protection-related concerns must be balanced with a company's need to navigate a potentially treacherous intellectual property landscape by avoiding charges of patent, trademark, or copyright infringement or theft of another's ideas.

Strategic interests associated with protecting intellectual property and enforcing intellectual property rights, as well as determining whether a company is free to operate or may be forced to defend against infringement claims, must be weighed against the associated economic costs and risks. A startup business or an otherwise established company about to release a new product or service or working to raise capital often relies on protected intellectual property to attract capital investment, secure loans, and/or drive up a company's selling price. Many companies experience the inherent tension resulting from (i) concern with protecting and enforcing intellectual property; (ii) concern with infringing others' intellectual property; and (iii) spending/raising capital based on intellectual property.

This article uses a hypothetical new product idea to describe the available forms of intellectual property protection and offers a primer on some of the specific intellectual property issues that come into play when a company is launching a new product or service.

Suppose while watching a Major League Baseball (MLB) game, an inventor recognizes a problem associated with the appearance of the strike zone. The problem is that the angle of view of the camera located behind the pitcher distorts the appearance of the strike zone, causing strikes to appear as balls and balls to appear as strikes. Positioning the camera directly behind the pitcher would correct for this distortion but would cause the pitcher to obstruct the view after the ball is thrown. MLB compensates for this distortion by displaying a small window that shows a box graphically representing the strike zone and each pitch thrown by the pitcher (the "box view"). Although the box view may provide a more accurate

representation of each pitch, it is distracting and frustrating for the viewer.

The invention provides an angle of view from a camera that is positioned directly behind the pitcher and solves the problem of the pitcher obstructing the view. As the ball is thrown, the pitcher is "masked" out and rendered at least partially transparent. The inventor envisions replacing the box view with the new and improved direct view. The company is considering calling the product "True Point of View."

## II. Patents

### A. Introduction

A U.S. patent is a grant of property rights from the United States to the owner of an invention (the "patentee"). The granted rights include the right "to exclude others from making, using, offering for sale, or selling" the invention in the United States.<sup>1</sup> In exchange for this grant, the patentee must disclose the invention, including by describing the invention in such a way that one of ordinary skill in the art can make and use the invention. The patent grant is for a finite period of time, generally twenty years from the filing date of the application for the patent. Moreover, U.S. patent rights are territorial: the right to exclude others does not extend beyond the borders of the United States.

### B. Types of Patents and Protectable Subject Matter

In the United States, patent protection is available for processes, machines, systems, plants, and designs. A patent that covers a process and/or machine is a utility patent. A design patent, in contrast, covers the ornamental appearance of an item, such as an article of manufacture (e.g., a chair or a computer icon). Plant patents cover invented or discovered reproduced plants. The majority of patents are utility patents, but the number of design patents continues to increase.<sup>2</sup>

Patents include claims, which legally define the invention being protected. The claims section of a patent can cover a specific portion of the written description and drawings or may cover the entire disclosure. A patent describing the True Point of View invention described above can include many features, including the use of several cameras and devices to detect the ball after it is pitched; masking and rendering the pitcher transparent; simulat-

ing the ball moving and being caught by the catcher; and how the True Point of View window is displayed with the MLB video feed. The claims may be limited to just the masking and rendering the pitcher transparent. Subsequent patent applications can include claims covering the other elements, such as how to simulate the ball moving and being caught by the catcher and displaying the True Point of View window with the MLB video feed.<sup>3</sup> It may be, for example, that during the patent prosecution process the U.S. Patent and Trademark Office (PTO) rejects certain claims as too broad. In response, one or more features that are described in the written description and drawings can be added to the claims to narrow the scope of the claims and overcome the rejection.

### C. Patent Eligibility

In the United States, the subject matter of an invention must be patent eligible, i.e., it must be useful and not abstract.<sup>4</sup> In addition, the invention must be novel and not obvious.<sup>5</sup> Novelty means that no single “prior art” reference, such as a publication (e.g., an article, patent, or published patent application) or an act (e.g., a sale or offer to sell), covers all of the features of the invention. “Obvious” means that the differences between what was previously known and the invention are so trivial that one of ordinary skill in the art would have found the invention obvious. More practically, “obvious” means that two or more references, in combination, teach all of the features of an invention, and it would be obvious to a person of ordinary skill to combine the references and arrive at the invention. With respect to the True Point of View invention, for example, the Patent Office may reject broad claims that cover simulating a pitched baseball to compensate for an inaccurate angle of view as obvious in view of MLB’s displayed box in combination with the masking features of Adobe Photoshop®.

Prior to filing for patent protection, it is often a good idea to conduct a search of the prior art to determine whether an invention has already been described or otherwise publicly disclosed and therefore could be cited by the PTO to reject claims. Uncovering such prior art in advance of preparing and filing a patent application can result in significant savings of patent preparation costs and filing fees. Moreover, uncovering prior art can result in tailoring a patent application to avoid a potential rejection by the PTO. The claims in the True Point of View application, for example, can be drafted to distinguish MLB’s displayed box and the masking techniques from Photoshop.

Yet another benefit of searching for patents and patent applications is that a business may uncover a competitor’s patent portfolio. The business can use such information and file for patent protection covering improvements or variations on the competitor’s intellectual property. This can hinder the competitor’s future protection options and give the business a competitive edge.

### D. Timing Considerations and Changes in U.S. Patent Law

U.S. patent law provides a one-year grace period to file for patent protection after an invention is publicly disclosed by the inventor.<sup>6</sup> For example, if the True Point of View invention is publicly disclosed at a tradeshow on January 1, the deadline to file a patent application is the following January 1. In this regard, U.S. patent law is quite liberal; under the patent laws of much of the rest of the world, any public disclosure of an invention instantly results in an absolute bar to patent protection for the disclosed invention. Thus, businesses that are considering filing for foreign patent protection should ascertain whether any public disclosure of the invention occurred.

On September 26, 2011, the United States enacted a major revision of the Patent Act, with many of the provisions coming into effect over the course of the following eighteen months. Referred to as the America Invents Act or AIA, one significant provision transitioned the United States from being a “first to invent” jurisdiction to a “first to file” jurisdiction. Under the old law, an inventor who could prove diligence was entitled to patent protection even if another inventor conceived of the same invention later but filed for patent protection first. Under the new law, the party to get a patent application on file with the PTO first is entitled to patent protection even if it conceived of the invention later.

One practical effect of this change in the law is a perceived need to file patent applications quickly and frequently in order to preserve invention rights. There is a practical risk, though, that businesses will file patent applications that contain less than complete disclosures, potentially dooming their applications to fail and creating a false sense of security that the businesses’ inventions are protected. Despite a perceived need for speed, there remains a need for patent quality, including by filing complete and enabling disclosures.

### E. Types of Patent-Related Filings

#### 1. Provisional patent application

Business start-ups or companies launching a new product or service often avail themselves of a “provisional” patent application, which is a frequently used and attractive means of implementing patent protection.<sup>7</sup> Provisional patent applications are attractive because they often cost less than regular non-provisional patent applications and can be much faster to prepare and file. Provisional patent applications have no formal requirement as to format, although they must contain an enabling disclosure and set forth the best mode for making and using the described invention. Another benefit is that provisional patent applications stop or prevent the start of a potential time bar to obtaining patent protection.

While a provisional patent application is technically a patent application, it does not include all of the require-

ments of a regular, non-provisional patent application. Most notably, provisional patent applications do not require patent claims, and provisional patent applications are not examined for patentability by the PTO. All provisional patent applications expire within one year from filing. In order to claim the benefit of an earlier filed provisional patent application, a regular, non-provisional patent application must be filed before the provisional patent application expires and must formally claim priority to the provisional patent application.

## **2. Non-provisional patent application**

A non-provisional patent application is a full patent application that includes an enabling disclosure and claims, is accompanied by an inventor oath stating that the application correctly describes and claims the invention, and is formally examined by the PTO. A non-provisional patent application can claim priority over a provisional patent application and can be entitled to the earlier filing date of the provisional patent application, provided the provisional patent application supports at least one claim of the non-provisional patent application. The priority claim to a provisional patent application can reduce or eliminate prior art that would otherwise be cited by the PTO against the non-provisional patent application.

## **3. Foreign/international patent application**

In addition to U.S. patent protection, businesses often have a need or desire to protect inventions overseas and file for patent protection around the world. For example, the True Point of View invention can have international uses, such as for soccer, golf, and tennis. Filing for foreign patent protection can be very expensive, and to defer those costs an international Patent Cooperation Treaty (PCT) patent application can be filed. An international PCT patent application effectively operates as a placeholder for filing future patent protection in countries around the world for a period of time, generally thirty months from the filing date of the U.S. patent application.

A PCT patent application is formally examined, and reports on patentability are issued, by an examining body (the "International Searching Authority"). One or more reports and opinions issued on a PCT patent application are considered to be persuasive authority, but no enforceable patent rights are conferred by a PCT patent application. Instead, one or more national patent applications can be filed in respective countries or jurisdictions in the future, with each of the national applications claiming priority over the PCT patent application. One relatively recent development is the "Patent Prosecution Highway," which can be used to obtain patent rights in countries that are members of the PCT using an international PCT patent application that has been examined and received a positive report on patentability.

## **F. Freedom to Operate or Right to Use**

In addition to obtaining patent protection, businesses should consider investigating the patent landscape (e.g., conduct a "freedom to operate" search and obtain an opinion thereon from counsel) to determine whether someone already has a patent covering the invention or a significant part thereof. If a relevant or blocking patent is uncovered, steps can be taken to avoid or combat a charge of patent infringement. For example, the True Point of View invention may discover that MLB has a patent covering its display box and that MLB's technique of tracking of the baseball is the same as in the True Point of View system. By changing a feature, the business can modify the True Point of View invention prior to launch and thereby design around the blocking patent. By simply changing one element of an invention, a business may be able to head off a patent infringement claim.

In other cases, a business may be able to purchase a blocking patent or take a license from the patentee. In any case, knowing that a blocking patent exists can be a necessary prerequisite to identifying and taking steps to avoid infringement and prevent an expensive legal battle.

Conducting "freedom to operate" searches can be very expensive, partly because of third-party searcher disbursement costs and partly because of attorneys' fees associated with studying uncovered patents. Patent attorneys need to study patents uncovered in a "freedom to operate" search and evaluate corresponding prosecution histories to determine whether the scope of a patent is narrower than it appears on its face. The potentially high costs of such a search may be a worthwhile substitute for the potentially far higher costs that otherwise might be incurred defending a patent infringement claim. Unfortunately, locating a particular blocking patent can be difficult, even for a patent searching company. Nevertheless, for particularly important inventions conducting a "freedom to operate" search and obtaining an opinion from legal counsel prior to a new product launch can be an invaluable investment.

## **G. Practical Considerations**

We recommend that prior to a new product or service launch, businesses review their intellectual property assets and consider appropriate patent protection. A determination should be made whether the subject matter of the intellectual property is eligible for patent protection and how time constraints bear on the strategy for obtaining appropriate patent protection. Businesses can benefit from filing provisional patent applications relatively quickly and possibly at lower cost than regular, non-provisional patent applications. Many businesses should be developing their patent portfolios over time to increase the businesses' value as well as to stop or limit competitors. It is a good idea to consult with a patent attorney and consider options that might be available to maximize return and mitigate risk.

### III. Trademarks

#### A. Introduction

When starting a new company or launching a new product or service, branding is extremely important not only for marketing purposes but for brand protection as well. Savvy brand owners can use trademark law to prevent competitors from using similar brands in a way that is likely to confuse consumers. Unlike patent law, which requires the filing of an application, trademark rights are created by using a word, term, name, symbol, device, or any combination as a source identifier in interstate commerce. Once use has commenced, usually upon the first sale or shipment of goods bearing the trademark, or when services are offered using the mark, the brand owner has what are called common-law trademark rights, and could, if need be, enforce those rights in court. There are, however, valuable benefits to filing an application for federal registration of a trademark with the PTO, such as a legal presumption of nationwide ownership of, and the exclusive right to use, the applied-for trademark for the goods or services listed in the application. Furthermore, intermediaries such as Google and Twitter may require registrations in order to act on claimed infringements.

#### B. Preventing Competitors from Stealing Brands

Section 43(a) of the Lanham Act enables the owners of registered and unregistered trademarks in the United States to prevent competitors from using any word, term, name, symbol, or device, or any combination thereof that is likely to cause consumer confusion (i) as to the “affiliation, connection or association” of the competitor with the trademark owner or (ii) as to “the origin, sponsorship, or approval” of the competitor’s goods or services with those of the trademark owner.<sup>8</sup> What this means is that when a company launches a brand, and competitors copy or mimic that brand to take advantage of the good will associated with it, if the brand owner has strong trademark rights it can stop the competitors from using their competing brand. To prevail, however, the brand owner will need to show that its brand is strong enough to warrant trademark protection, that it used its brand first, and that consumers are likely to be confused.

#### C. Not All Brands Are Strong Trademarks

Many companies create brand names that describe the goods or services for which the brand is used. This is a mistake for companies that want to create strong trademarks that can be enforced against competitors. Descriptive words used as brand names are weak trademarks. The reason for this is that trademarks are source-identifiers. Ideally, the brand owner wants consumers to identify its brand name exclusively with the brand owner as the source of its goods or services. The more a brand describes the associated goods or services, the less likely it is that consumers will associate the brand solely

with the brand owner. In the True Point of View example, the proposed name “True Point of View” for a product that allows television viewers to see the correct or “true” perspective or “point of view” of the baseball is not the strongest brand name from a trademark perspective.

There are four broad categories of trademarks. The strongest are fanciful names that have no meaning at all, e.g., made-up words like KODAK. If a word is made-up, consumers will associate the word only with the brand owner’s products or services. The next strongest marks are arbitrary—words that have meanings but are used for goods or services that do not relate to the meanings of the word, such as APPLE for computers. Next in line are suggestive marks—words that suggest what the product or service is but do not describe them, such as COPPERTONE for suntan lotion. When choosing a new brand name, it is preferable for the brand name to fit into one of these three categories, which are considered to be stronger, inherently distinctive trademarks.

The weakest category of trademarks is descriptive—names that describe the products or services, such as WORLD’S BEST BAGELS for bagels. It is very difficult to enforce these brands unless the brand owner can establish secondary meaning, i.e., that notwithstanding the descriptive nature of the brand, consumers associate it solely with the brand owner and its goods or services. Finally, there are words that are not capable of trademark protection: generic words such as “soap” for soap or “computers” for computers cannot be trademarks.

The proposed name “True Point of View” would likely be considered a descriptive trademark because it describes what the product does, namely, correcting the point of view and allowing viewers to see the true or accurate point of view of the pitched baseball. A slightly better mark would be True View, though that mark could also be deemed to be descriptive. Using the name HAWKEYE would move the brand name into the suggestive category. This brand name is suggestive because the brand has an association with being able to see by incorporating the word “EYE.” Moreover, the word “HAWK” suggests the ability to see something with clarity, because hawks are associated with strong vision.

There is often tension between marketing professionals who want to use brand names that describe the goods or services so that consumers know what the brand stands for and trademark lawyers who counsel companies to create brands that are strong and enforceable trademarks. One solution is to create a fanciful or arbitrary brand name and use a descriptive tagline to tell consumers what the brand means. This will enable the brand owner to create a strong and enforceable trademark and still convey what products or services are offered by the company under that unique brand name. For example, for the “True Point of View” product the company could

make up a name such as “YARZ” and use the tagline The True Point of View Technology. The YARZ brand name would be a strong, fanciful mark for which the company can create brand equity, yet the tagline would allow consumers to understand what that brand represents.

#### **D. The Trademark Application Process**

The best way to establish prior trademark rights is to file a trademark application with the PTO when the brand owner first comes up with its brand name. The PTO allows brand owners to file an application based on an intent to use even if the product or service will not be launched for months or even years. This establishes a priority date for that brand for the goods or services listed in the application, provided the application eventually ripens into a registration. Accordingly, if a company chooses a brand name and/or logo that it likes and has a bona fide intention to use it in the future, before disclosing it publicly the company should strongly consider filing a trademark application with the PTO based on an intent to use. If, after the company files an intent-to-use application, a competitor starts using, or files an application for, the same name or a confusingly similar name, once the brand owner’s application issues to a registration, it should be able to stop the competitor from using the name. If the brand owner is already using the name, it can file a use-based application as well.

To begin the trademark application process at the PTO, the brand owner will need to know the exact name or logo it wants to register, the goods or services for which the trademark will be used, and the name, address, and state of formation of the applicant. If the brand owner is already using the brand, it also will need the date of first use and a specimen showing the use of the brand name in connection with the goods or services offered under the trademark. There are many nuances to the trademark application process, and it is advisable to work with a knowledgeable trademark attorney. In general, it takes approximately nine months to a year from the date of filing to obtain a trademark registration.

#### **E. Avoiding Expensive Mistakes**

A common mistake when launching a new brand is to fail to conduct a proper trademark search. This can lead to expensive consequences. If, for example, another company is already using a similar name or logo for related goods or services, that company may be able to force the newly launched brand to be changed. Conducting a proper trademark clearance search prior to the launch of the new brand can significantly reduce the risk of that happening.

An effective trademark search cannot be limited to the exact brand name at issue. This is merely the starting point, because the standard for trademark infringement is whether the use of a name or logo is likely to cause confusion among consumers. Launching a brand name

that is similar in sound, appearance, or meaning but not identical to a brand name that is already in use may cause confusion and thus subject a company to liability for trademark infringement. For example, if a company begins using the brand name STICKS, and another company is already using the name STYX, the owner of the STYX brand may be able to stop the use of the STICKS brand. Also, the actual goods or services do not need to be the same, just sufficiently related that consumers may be confused. For example, if the company decided to call the True Point of View product HAWKEYE and another company was using the mark iHAWK for software that allows filmmakers to integrate different perspectives into a final edited movie, the owner of the iHAWK brand might be able to successfully challenge use of the HAWKEYE brand. It follows, therefore, that simply conducting a Google search, or even a search of the PTO database, may not disclose the use of a brand by a third party that could potentially force a name change after launch. Similarly, just because a name is available to be registered as a corporate name does not mean that name can be used.

#### **F. Practical Considerations**

When considering launching a new brand, companies should first consider the strength of the proposed brand name from a trademark perspective and avoid weak, descriptive brand names. After choosing a strong, inherently distinctive brand, conduct a proper trademark search to minimize the risk that a third party could successfully challenge the use or registration of that brand. Once a brand name has been cleared for use and registration, file intent-to-use trademark applications with the PTO to establish a priority date.

### **IV. Copyright**

#### **A. Introduction**

Copyright protection provides businesses with an effective tool to stop others from copying original expression. Copyrightable expression can be found in many forms and places, including on a business’s web site, computer programs, written manuals, music, photography, and artwork. As with brand rights, copyrights vest automatically when original expression is fixed in a tangible medium, such as on paper or in computer storage. Also as with brand protection, there are benefits to filing an application for federal registration of a copyright with the U.S. Copyright Office. Perhaps the most important of these benefits is the right to bring an infringement action. Possession of a copyright registration, or in some jurisdictions evidence of an expedited application, is a statutory prerequisite to commencing an action.<sup>9</sup> In any case, registering for copyright protection is among the least expensive forms of intellectual property protection.

In the True Point of View example, copyright protection is available for the computer code and the user

manuals. Copyright protection also can be sought for web sites covering the invention as well as for text and video commercial content and ads. Copyrights can also cover presentation materials, including slides with images of the product and text, that may accompany public presentations.

Compared to patents and trademarks, copyright protection is relatively narrow, however, and covers only the precise expression that is fixed in the tangible medium. Ideas and non-original works, even though they may be fixed in a tangible medium, are not protectable by copyright. Furthermore, a successful copyright infringement claim requires a showing that the expression at issue was copied, not independently created. Copyright infringement claims are often brought against former employees or individuals who have been shown to have had access to protected material and copied it.

## **B. Categories of Expression**

Copyright protection is available for specific categories of original expression: literary works, pictorial graphic and sculptural works, musical works, sound recordings, dramatic works, multimedia works, and architectural works. Each must be correctly identified in the application, and an appropriate deposit with the Copyright Office must accompany the application. Literary works include non-dramatic textual works, such as fiction and nonfiction works, poetry, speeches, and textbooks.<sup>10</sup> Computer programs and databases are also considered literary works. Musical works can include music and accompanying words and may be in the form of sheet music or an audio recording.<sup>11</sup> Sound recordings include musical, spoken, or other recorded sounds, and the author may be the performer and/or the producer who processes the sounds.<sup>12</sup> Dramatic works can include choreography, pantomimes, plays, and treatments, such as for television or movie presentation.<sup>13</sup> Multimedia works combine two or more media, and the media can include printed matter, audiovisual material, an audio recording, or a machine-readable copy.<sup>14</sup> It is advisable for a business to regularly review its copyrightable material and to consider registering it to ensure it has the right to sue for infringement.

## **C. Legal Rights Conferred By Copyright Registration**

Copyright ownership confers the exclusive right to reproduce the work, to prepare derivative works, to distribute copies of the work to the public, to perform the work, and to publicly display the work.<sup>15</sup> A derivative work includes a work that is based upon pre-existing work(s) and often involves some form of translation or adaptation, such as a novel into a movie. Unauthorized acts of copying (i.e., copyright infringement) can include photocopying, copying computer software, or using portions of the copyrighted work in another work.<sup>16</sup>

Whether a work is published can have significant implications under U.S. copyright law. For example, a registration that is applied for more than three months after publication can be too late to recover statutory damages and attorneys' fees if the infringement occurs after publication but before registration. Therefore, businesses should consider applying for one or more copyright registrations as soon as possible to avoid losing potentially valuable rights.

## **D. Freedom to Operate or Right to Use**

Avoiding a copyright infringement suit based on unauthorized copying and/or use of preexisting materials may entail searching the copyright office records to see if the material is registered. In some cases, if it is, taking a license should be considered. Fair use may protect the use of copyrighted work without consent.<sup>17</sup> Factors include whether the use of a protected work is for commercial or educational purposes (the former being less likely to be fair use); whether the amount or substantiality of the copied portion is significant; and the effect of the use on the potential market for the copyrighted work.<sup>18</sup>

## **E. Practical Considerations**

Prior to a new product or service launch, businesses should identify any original works of authorship created in connection with the new endeavor and consider filing for copyright registration. This process will entail determining whether a work is a type that is eligible for copyright protection. Bear in mind that a work of authorship created by an employee within the scope of his employment is a work made for hire and is owned by the employer.<sup>19</sup> With regard to commissioned works or works authored by outside contractors, it is advisable to execute agreements that provide that specific works shall be considered works made for hire and that if they do not qualify as such (section 101 of the Copyright Act lists nine categories of works made for hire), all copyright rights are assigned to the employer.

## **V. Trade Secrets**

### **A. Introduction**

Companies often come up with new and innovative ways of conducting business that give them a competitive advantage—unique formulas, techniques, methods, or processes. As discussed above, such innovations may be subject to patent protection, but by filing a patent application the company must disclose the invention—the source of its competitive advantage. Once the patent expires, the company's competitors will be free to use the company's formulas, techniques, methods, or processes to compete against it. An alternative to patent protection that avoids this problem is to treat the company's proprietary, confidential information as a trade secret—the formula for Coca-Cola soda being the classic example. For the True Point of View invention, the algorithms employed and

know-how associated with how the software can best be used to create the desired visual effects could be protected as trade secrets. Other trade secrets can include the technology behind masking the pitcher and rendering the pitcher transparent as well as how the ball is represented after the pitcher releases it. Yet another protectable trade secret can include how to render the overall appearance of the True Point of View display and how to integrate the True Point of View with other video feed.

## B. What Are Trade Secrets?

Unlike patents, trademarks, and copyrights, there is no federal trade secrets statute; the law varies state to state. However, the Uniform Trade Secrets Act (UTSA) has been adopted, at least in part, in more than forty states and in the District of Columbia,<sup>20</sup> and Congress is considering trade secrets legislation.<sup>21</sup> The UTSA defines a trade secret as follows:

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.<sup>22</sup>

## C. Creating Enforceable Trade Secrets

The key to creating enforceable trade secret rights is to maintain the confidentiality of the trade secret. Once a trade secret is disclosed publicly, it loses its status as a trade secret. Companies therefore must take steps to ensure the confidentiality of their trade secrets. For example, company information that is considered to be a trade secret should be labeled prominently to indicate that it is confidential and/or that it is a trade secret, and access to the information should be restricted by placing it in a secure location. Access to both physical and electronic copies should be limited to specific individuals or categories of employees who need keys or passwords to gain access. Employees should be required to sign confidentiality agreements that obligate them to maintain the secrecy of any trade secret materials to which they are given access. Similarly, independent contractors or third parties should not be allowed to review the confidential trade secret information without first signing confidentiality agreements.

## D. Practical Considerations

In today's world, where it is so easy to quickly copy and disseminate information, it behooves every company to carefully consider the procedures it has in place to safeguard company secrets and to ensure that employees and independent contractors are legally obligated not to disclose to third parties proprietary company information. Once this review has been completed, policies and procedures should be implemented to ensure that only the appropriate people have access to trade secret information and that non-disclosure and confidentiality agreements are in place with all who have access to the information.

## VI. Conclusion

Prior to launching a new product or service, a business should consider appropriate intellectual property protection and also take steps to guard against possible infringement claims. Even with respect to those intellectual property rights that vest at the time of creation (copyright) or use (trademark), filing for and obtaining national registrations are recommended to ensure a presumption of ownership and validity and to protect a business's enforcement rights. In addition to obtaining patents, trademarks and copyrights, businesses should enter into nondisclosure and confidentiality agreements with employees and third parties in order to preserve its trade secrets.

Protecting a company's intellectual property, including inventions, brands, writings, trade secrets, and know-how, is often essential for growth and to establish a competitive advantage. Moreover, conducting "freedom to operate" searches and obtaining an opinion of counsel can be effective to reduce the likelihood or combat a charge of infringement. Such steps can ensure that a startup business or an established company releasing a new product or service can successfully attract capital investment and gain a competitive edge in the market.

## Endnotes

1. 35 U.S.C. § 154.
2. [http://www.uspto.gov/web/offices/ac/ido/oeip/taf/reports.htm#by\\_type](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/reports.htm#by_type).
3. Manual of Patent Examining Procedure, § 210.
4. 35 U.S.C. § 101.
5. 35 U.S.C. §§ 102, 103.
6. 35 U.S.C. § 102.
7. 35 U.S.C. § 111.
8. 15 U.S.C. § 1125(a).
9. 17 U.S.C. § 411, Registration and Civil Infringement Actions.
10. <http://www.copyright.gov/register/tx-examples.html>.
11. <http://www.copyright.gov/register/pa-sr.html>.

12. Circular 56A, Copyright Registration of Musical Compositions and Sound Recordings, United States Copyright Office, 56A-0212.
13. Dramatic Works: Choreography, Pantomimes, and Scripts, United States Copyright Office FL-119.
14. Circular 55, United States Copyright Office, 55-1013.
15. Title 17 U.S. Code.
16. Circular 14, United States Copyright Office, 14-1013.
17. 17 U.S.C. § 107.
18. *Id.*
19. 17 U.S.C. § 101, Circular 9, United States Copyright Office, 9-0912.

20. New York State is one of the states that have not adopted the UTSA.
21. H.R. 3323 Defend Trade Secrets Act of 2015.
22. Uniform Trade Secrets Act § 1(4).

**Joel J. Felber is a patent attorney and senior associate at Leason Ellis LLP.**

**Yuval H. Marcus is a partner and chair of the litigation practice at the firm.**

## *Bright Ideas* (the Intellectual Property Law Section Publication)

is also  
available  
online

Including access to:

- Past Issues (2000-present) of *Bright Ideas*\*
- *Bright Ideas* Searchable Index (2000-present)

\*You must be an Intellectual Property Law Section member and logged in to access. Need password assistance? Visit our Web site at [www.nysba.org/pwhelp](http://www.nysba.org/pwhelp). For questions or log-in help, call (518) 463-3200.



**Go to [www.nysba.org/BrightIdeas](http://www.nysba.org/BrightIdeas)**