



AN OVERVIEW OF INTELLECTUAL PROPERTY LAW

Patents

Copyrights

Trademarks

Trade Secrets

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Rex Stratton has many years of experience representing U.S. and foreign clients in business law and management, litigation, corporate finance and secured transactions. For the past 25 years Mr. Stratton has been extensively engaged in the field of Intellectual Property law. He counsels clients on trademark, copyright, patent and trade secret protection, licensing and infringement issues and general business matters. He is a member of the American Intellectual Property Law Association (AIPLA) and has served on its Board of Directors, was a member of the AIPLA Fellows and a past Trustee of the American Intellectual Property Law Education Foundation and a past president of the Washington State Patent Law Association. Mr. Stratton received mediation training at Pepperdine's Straus Institute of Dispute Resolution - Mediating the Litigated Case. Mr. Stratton is licensed in the states of Vermont and Washington and is admitted to the U.S. Supreme Court, and the federal courts in Vermont and Washington.



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TABLE OF CONTENTS

| | |
|---|----------|
| INTRODUCTION: AN OVERVIEW OF INTELLECTUAL PROPERTY LAW | 2 |
| PATENTS | 2 |
| What Is a Patent? | 2 |
| Why Obtain a Patent? | 2 |
| What Requirements Must Be Satisfied to Obtain a Patent? | 2 |
| Invention. | 2 |
| Timing | 3 |
| How Is a Patent Obtained? | 3 |
| Record Keeping | 3 |
| Patentability Assessment | 3 |
| The Patent Application. | 4 |
| Provisional Application for a Patent. | 4 |
| Patent Prosecution | 5 |
| Foreign Patent Rights. | 6 |
| Timing and Disclosure | 6 |
| Unified Foreign Patent Filing Procedure | 6 |
| TRADE SECRETS | 6 |
| What Is a Trade Secret? | 6 |
| COPYRIGHTS | 7 |
| What Is a Copyright? | 7 |
| When Does a Copyright Begin? | 7 |
| How Is a Copyright Protected? | 7 |
| Registration | 7 |
| Marking | 7 |
| How Is an Application For Copyright Registration Made? | 7 |
| TRADEMARKS | 8 |
| What Is a Trademark? | 8 |
| How Are Trademark Rights Created? | 8 |
| Use in Commerce | 8 |
| Intent-to-Use Applications | 8 |
| Notice | 8 |
| How are Federal Trademark Registrations Obtained? | 8 |
| Ownership of Intellectual Property | 9 |

INTRODUCTION: AN OVERVIEW OF INTELLECTUAL PROPERTY LAW

Intellectual property law is divided into five primary areas: Patent, Copyright, Trademark, Trade Secret, and Unfair Competition laws. Ownership and protection of intellectual property in the United States is governed principally by federal law, supplemented by state law. Intellectual property created in the United States can also be protected in most other developed countries under regional and international treaties that provide reciprocal rights to citizens of member countries.

In general, patents protect new articles of manufacture, machines, compositions of matter, and processes. Copyrights protect original, creative "expressions" fixed in a tangible medium (e.g., a writing, musical work, software program, or painting). Trademarks protect words or symbols that identify a single source of goods or services in the marketplace and may include domain names. Trade secret laws protect confidential business information, methods and technology (e.g., confidential business lists or production methods). Unfair competition laws prohibit "unfair business practices," (e.g., misrepresentations about the quality or performance of a product or service).

As with other forms of property, intellectual property rights can be licensed, inherited, sold, rented, mortgaged, and taxed.

PATENTS

What Is a Patent?

A patent is a legal right granted by the United States which entitles the owner of the patent to prevent others from making, using, selling, or offering to sell the invention described and claimed in the patent. A patent also prevents others from importing a product into the U.S. that is patented in the U.S., or is made by a process patented in the U.S.

Three basic types of patents exist which protect different types of subject matter: *utility* patents, *design* patents, and *plant* patents. Utility patents protect useful articles, machines, compositions, and processes. Design patents protect "ornamental designs" of manufactured articles (e.g., the aesthetic appearance of a product). Plant patents protect new varieties of asexually reproducing plants.

Effective June 8, 1995, the rights granted by a utility patent or plant patent are limited to a term of 20 years, beginning from the date the patent application is filed, after which the invention passes into the "public

domain." The term for a design patent is 14 years from the date the patent is granted. The general purpose underlying these limited monopolies, as set forth in the U.S. Constitution, Art. I, § 8, cl. 8, is to "promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

Why Obtain a Patent?

A patent serves as a protective shield against competitors in the marketplace. A U.S. patent entitles the patentee to exclude others from making, using, selling, offering to sell, or importing the invention throughout the United States and its territories and possessions. A patent not only discourages competitors from entering the marketplace, but also provides a critical enforcement tool to stop competitors who do enter the marketplace from practicing the invention. A plant patent protects plant varieties that are asexually reproduced, including the plant and any part thereof, from being propagated, sold, or imported.

In addition to these direct commercial benefits, patents can serve as an important product development tool, lending added credibility to new business ventures and are effective tools for generating financial and technical assistance to bring new products to market.

What Requirements Must Be Satisfied to Obtain a Patent?

Invention

There are several basic requirements for obtaining a U.S. patent, the most fundamental of which is that the subject matter of the patent must qualify as an "invention." As defined by Congress, a patentable invention must be *new, useful, and non-obvious* and directed to patentable subject matter.

To be "new," an invention must not have been known or used by others or patented or described in a written publication anywhere in the world before the effective filing date of the claimed invention. A plant variety cannot be distributed or commercially used before the date of application

To be "useful," an invention must have some utility or purpose that is generally known, or is disclosed by the applicant, and such purpose cannot be illegal, immoral, or contrary to public policy.

To be "non-obvious," an invention must not be "shown, taught, or suggested" by the "prior art" in related fields of technology. The actual test for "non-obviousness" is whether a person with ordinary skill in the appropriate

field of technology, using all the tools and information available to the public at the time the invention was applied for, would have been motivated to develop the same invention and could have actually developed the same invention without “undue experimentation.” In practice, the test of whether an invention is non-obvious focuses on the differences between the invention and other, similar devices known to the public. If the new combination of features used in the invention could have been obtained by combining known features of earlier devices, using only “routine design choice” to select the new combination, then the Patent Office will most likely reject a patent application for the invention on the basis that the new combination was “obvious.” Obviousness includes such concept as *obvious to try*, *common sense* and *general knowledge*.

Effective Filing Date of a Claimed Invention.

To harmonize the U.S. patent regime with the other countries of the world, the 2011 America Invents Act (AIA) made provision for two patent related applications: one is a *provisional* application and the other is a *nonprovisional* application. The difference is important. Under the AIA, the effective filing date for a U.S. *nonprovisional* patent application is the date the first application containing the claimed subject matter is filed; thus, the term “effective filing date of the claimed invention” means the actual filing date of the U.S. nonprovisional patent application. However, a U.S. nonprovisional patent application that claims the benefit of a corresponding prior-filed U.S. *provisional* application, “effective filing date of the claimed invention” can be the filing date of the prior-filed provisional application, provided the provisional application sufficiently describes the claimed invention.

Similarly, for a U.S. nonprovisional application that is a continuation or division of a prior-filed U.S. nonprovisional application, “effective filing date of the claimed invention” can be the filing date of the prior filed nonprovisional application that sufficiently describes the claimed invention. Finally, “effective filing date of the claimed invention” may be the filing date of a prior-filed foreign patent application to which foreign priority is claimed provided the foreign patent application sufficiently describes the claimed invention.

Timing

In general, a United States patent is granted only to the inventor of the claimed subject matter who is the first to file a patent application. Accordingly, if an invention was previously “known or used by others” in the United States or patented or described in a written publication anywhere in the world before the effective filing date of invention by the applicant, no patent will be granted to that applicant.

The AIA brings the United States into conformity with the absolute novelty rules for patent applications in other countries of the world.

How Is a Patent Obtained?

Patents are obtained through a complex application process administered by the United States Patent and Trademark Office (USPTO). The regulations that govern patent prosecution are extensive and complicated. Therefore, an inventor is wise to obtain assistance from experienced patent counsel at the earliest possible stage of the application process. As noted above, delays, public disclosures, and offers of sale of the invention can lead to a permanent forfeiture of patent rights in the United States and foreign countries.

Record Keeping

After the AIA, the *first to file* is the law of the land. However, before a patent application is filed with the USPTO or with the World Intellectual Property Organization (WIPO) as a Patent Cooperation Treaty (PCT) application, certain steps should be followed to prevent forfeiture of potential patent rights. The first step is to maintain thorough records of the invention, beginning well before the date that the invention is “reduced to practice” (*i.e.*, made into a working prototype, or described in a complete patent application). An applicant may have to prove the date an invention was conceived if there is another application filed that claims the same invention. Such proof generally requires detailed, corroborated records documenting development of the invention.

Records for establishing date of invention should describe the invention clearly, with words and drawings, and should explain in detail how to make and operate the invention. Conception is defined as “the mental formulation and disclosure (*e.g.*, in a written record) of a complete idea for a product or process.” If an invention is “ready for patenting”, then a disclosure or offer to sell can be fatal to the application.

Patentability Assessment

The second step before filing a patent application is to determine whether the invention is likely to be considered patentable. This step requires an evaluation of the invention and the relevant “prior art” (*i.e.*, previously known technology and published information) to determine whether the invention is “new, useful and non-obvious,” according to the statutory requirements summarized above. It also becomes important to define who is of ordinary skill in the art, which is now part of the equation to determine

obviousness. Likewise, under Section 101 of the Patent Act, the question of whether the invention is directed to patentable eligible subject matter, namely, processes, machines, manufactures and compositions of matter, is important. Abstract ideas, laws of nature, and natural phenomenon are excluded from being patentable subject matter and have been the focus of litigation to hold patents invalid as directed to ineligible subject matter.

A preliminary patentability assessment should be conducted by a patent attorney or agent, based upon a prior art “search” designed to locate relevant prior patents and other published materials. Based on this search, the patent attorney can provide advice regarding the patentability of the invention, which advice should generally predict the scope of patent protection that may be obtained for the invention. If the prior art search uncovers a number of patents closely related to the invention, then the expense of filing a patent application may not be justified because the scope of allowable claims may be very narrow or the invention is anticipated or obvious and therefore not patentable. Alternatively, the prior art may disclose only broad concepts related to the invention, leaving room to patent narrower aspects of the invention that are commercially worthwhile.

The Patent Application

The first step in obtaining a patent is to prepare and file either a provisional or a nonprovisional patent application. A patent application is a legal document; a contract between the inventor and the public, which must satisfy certain formal, legal requirements. If these requirements are not satisfied when the application is filed, the application will be rejected, and the effective filing date will be lost.

Specifically, the patent application must satisfy “written description” and “enablement” requirements set forth in the U.S. patent laws. To meet these requirements, the application, whether provisional or nonprovisional, must include all text and drawings necessary to convey the complete invention to a person with ***ordinary skill in the applicable field of technology***. The application must also teach the public how to make and use the invention without “undue experimentation.”

In addition to satisfying the written description and enablement criteria, a ***nonprovisional*** patent application must include at least one “claim” (and preferably several claims of differing scope), which distinguishes the invention over the prior art, and which defines the legal boundaries of the invention. The claims must be clear and concise, and commensurate in scope with the written description of the invention set forth in the application. A patent will be deemed invalid and

therefore unenforceable if the application does not satisfy all statutory requirements set forth in the patent laws. A primary justification for these strict requirements is that a competitor must be given fair notice of the technology boundaries covered by a patent; otherwise, it would be unjust to hold that competitor liable for infringing the patent.

To ensure that the legal requirements for a patent are fulfilled, the inventor must inform the patent attorney or agent about all aspects of the invention, including the problems the invention solves, alternative embodiments of the invention that can be made, the best-known embodiment of the invention, and any difficulties that must be overcome to make the invention work.

Before the patent application is filed, the inventor, or inventors if more than one person is an inventor, must thoroughly review the application and execute a Declaration and Power of Attorney, indicating that the application was read and understood by the inventor and that the inventor believes he or she is the inventor of the claimed invention. The application, declaration, and filing fee are then sent to the USPTO or the PCT. Each inventor is bound to a ***duty of candor*** in all aspects of prosecution of a patent application before the patent office.

Provisional Application for a Patent

Since June 8, 1995, the USPTO has offered inventors the option of filing a provisional application for patent, which was designed to provide a lower-cost first patent filing in the United States and to give U.S. applicants parity with foreign applicants. Claims and oath or declaration are not required for a provisional application. A provisional application provides the means to establish an early effective filing date in a patent application and permits the term “Patent Pending” to be applied in connection with the invention. Provisional applications may not be filed for design inventions.

The filing date of a provisional application is the date on which a written description of the invention, and drawings if necessary, are received in the USPTO. To be complete, a provisional application must also include the filing fee, and a cover sheet specifying that the application is a provisional application for patent.

The applicant then has up to 12 months to file a nonprovisional application for a patent. The claimed subject matter in the later filed nonprovisional application is entitled to the benefit of the filing date of the provisional application if it has support in the provisional application. Provisional applications are not examined on their merits. A provisional application will

become abandoned by the operation of law 12 months from its filing date. The 12-month pendency for a provisional application is not counted toward the 20-year term of a patent granted on a subsequently filed nonprovisional application that claims benefit of the filing date of the provisional application.

The filing of a provisional or nonprovisional patent application does not create enforceable patent rights. Those rights arise only when a patent is issued. Thus the inventor cannot stop an infringer, or seek a judgment for damages, until after the patent issues. However, an inventor is free to market the invention while the patent application undergoes prosecution, unless the product would infringe the patent rights of another. In this case, it is advisable to mark all products with the notice, "Patent Pending," or "Patent Applied For." Such a notice may discourage competitors, because the notice indicates that a competitor must stop production and/or sales if a patent is granted. Use of the patent pending notice is unlawful unless an application for patent is pending in the United States Patent and Trademark Office.

Patent Prosecution

Once the complete patent application is submitted to the USPTO or the PCT, the application undergoes examination to determine whether the claimed invention or plant variety is patentable (in foreign countries, a plant breeder's rights certificate is issued) During the initial processing stage (which generally takes at least six months), the application is examined for prior art and opinion of patentability or "Office Action" is issued to the applicant's attorney of record.

In an Office Action, the Patent Examiner comments on the invention and the prior art, and states whether any of the claims or variety is patentable. The first Office Action typically denies some or all of the claims in the patent application outright, and the applicant is invited to modify the application and/or submit appropriate remarks to overcome the Examiner's objections. In responding to the Office Action, the patent attorney, with the inventor's assistance, then prepares an Amendment and Response to the Office Action, presenting changes to the language in the description or the claims, or arguing that other changes are unnecessary to distinguish the invention from the prior art or otherwise place the application in condition for allowance.

In many cases, at least two Office Actions are issued and responded to before all legal and technical issues are resolved in a patent application. In a minority of cases, the patent prosecution may be even more protracted, depending on the complexity of the technology, the content of the prior art, and the possible

existence of contemporaneous applications claiming similar inventions. Normally, the course of prosecution takes 18-24 months, or more, from the date of filing. Under the new patent term of 20 years from the date of filing, the period that an application is prosecuted counts against the applicant, unless the delay is caused by the USPTO. Still, under the new 20-year post-filing term, a patentee will generally enjoy a longer period of patent protection than under the old law, which granted a patent term of 17 years from the date of issuance.

During the initial prosecution phase of a patent, the application, the invention is kept secret, *i.e.*, only government personnel and persons authorized by the inventor are permitted to examine the file. Under the AIA, all *nonprovisional* patent applications are published 18 months after filing, although an applicant can request earlier publication. At this point, the application before public and is prior art to other inventions. Prior to publication, the patent application may be subject to protection under trade secret laws. Once the patent application is published, the application will be made available to public, thereby eliminating any trade secret protection in the contents disclosed in the patent application.

Throughout the patent application process, the inventor has a strict duty to inform examining agency (USPTO or PCT) about any relevant "prior art" known to the inventor. Relevant prior art includes any device, patent, written publication, sale, or offer for sale that is "material" to the question of patentability, of which the inventor becomes aware at any time before the patent issues. If the inventor breaches this "duty of candor to" the USPTO, any patent that issues on the related technology will be unenforceable for inequitable conduct.

Patent prosecution is completed only when the Examiner is satisfied that the application is in proper form and that all pending claims are patentable. At this point, the applicant is notified that a patent will be granted upon payment of governmental "issue" fees. Once the issue fees are paid, the patent is granted, and formal copies are sent to the applicant. At this point, the patent becomes enforceable, *i.e.*, the patentee has the right to prevent all others from making, using, selling, offering to sell, or importing the invention in the U.S. and its territories and possessions.

In order to keep a utility patent in force for the full term, it is necessary to pay maintenance fees at 3½, 7½ and 11½ year intervals after the original grant. There are two schedules of filing, issue, and maintenance fees. One is scaled for large businesses, and the other is reduced by one-half for individual inventors and small businesses.

Foreign Patent Rights

Timing and Disclosure

To preserve patent rights in most foreign countries, a “priority” patent application (either U.S. or foreign) must be filed before any public disclosure, use, or sale of the invention is made. This is called absolute novelty. Generally, if a U.S. application is filed first, such U.S. filing must be followed by an appropriate foreign application within twelve months of the U.S. application filing date (six months in the case of a design application).

The United States and most other industrialized nations are members of the International Union for the Protection of Industrial Property (Paris Convention). This treaty obligates member nations to grant reciprocal patent rights to foreign applicants, similar to the rights available for domestic applicants. More specifically, the treaty allows a United States patent applicant to file a foreign application within six or twelve months of the U.S. filing date, whereupon the corresponding foreign application will be accorded the same effective filing date as the original U.S. application. This “reciprocal priority” provision prevents forfeiture of foreign patent rights that would otherwise be triggered by a public disclosure, use or sale of the invention after the U.S. filing date.

Unified Foreign Patent Filing Procedure

The cost of filing a significant number of foreign patent applications can be prohibitive, due to the substantial filing fees, foreign and domestic attorney fees, and translation costs that may be required in each desired country. To alleviate this burden, U.S. patent applicants can file a unified foreign patent application under the Patent Cooperation Treaty (*PCT*). There are presently over 80 member nations in the PCT, including most developed countries.

Filing a PCT application consolidates initial processing and examination costs for all designated countries and/or regions, which the applicant selects at the time the application is filed. By requesting “preliminary examination” of the PCT application, the applicant can also defer payment of expensive national and regional filing fees up to 30 months after the U.S. filing date.

Preliminary examination of the PCT application not only tolls the deadline for paying costly national and regional fees, but also provides valuable information to assess patentability of the invention abroad. With this information, the applicant and prospective investors are better equipped to decide whether future, national

prosecution costs are justified in light of foreign market potential.

TRADE SECRETS

What Is a Trade Secret?

A trade secret is information that is kept secret by reasonable efforts and has economic value because it is not generally known to others. Trade secret protection is governed by state and federal law. Unlike patents and trademarks, trade secrets do not require a formal application or registration. Furthermore, the life span of trade secret protection is indefinite, limited only by a requirement that the protected subject matter be held in secrecy by its owner. Three factors define a protectable trade secret:

- The information is not generally known to the public
- Confers economic benefit to the holder
- The holder makes reasonable efforts to maintain its secrecy

In general, trade secrets include any secret formula, pattern, device, or compilation of information used in business that gives the business owner a potential advantage over competitors. To protect a trade secret, it is necessary to take all reasonable precautions to maintain the *secrecy* of the formula, device, information or compilation. Accordingly, a business is wise to retain counsel to conduct a thorough intellectual property audit to identify all potential trade secrets of the company and determine whether such trade secrets are adequately safeguarded. Failure of a company to exercise all necessary measures to preserve its trade secrets can result in an absolute loss of property rights, without recourse against a competitor who later uses the trade secret.

The specific requirements for a trade secret, and the nature and scope of liability for misappropriating trade secrets, varies from state to state. Vermont, along with most other states, has adopted the Uniform Trade Secrets Act, which codifies the subject matter of trade secrets and provides remedies against those who misappropriate trade secrets. In many ways, the state acts are now superseded by federal legislation that confers national protection: the Economic Espionage Act of 1996 (EEA) and the Defends Trade Secrets Act of 2016 (DTSA).

A primary drawback of trade secret protection, in addition to the strict secrecy requirement, is that trade secrets cannot prevent third parties from independently developing and using the trade secret. In contrast to devices and methods protected by patents, technology protected only as a trade secret can be “reverse

engineered” without liability. In other words, if a competitor “fairly” determines a secret formula, device, or method by legal means (e.g., by purchasing and studying a product), then that competitor is free to use the technology.

COPYRIGHTS

What Is a Copyright?

A copyright gives the owner the right to prevent others from copying a *form of expression* contained in an original work of authorship. Protectable works include books, works of fine art, plays, musicals and other performing works, phonograph records, photographs, motion pictures, computer software programs, and other tangible works. Copyrights only protect a work from copying. An act of independent creation does not violate a copyright.

A copyright provides the owner specific, exclusive rights for a limited period of time. The exclusive rights reserved for the copyright owner include the following:

- to reproduce the work in copies
- to prepare derivative works based on the copyrighted work
- to distribute copies of the work to the public by sale or other transfer of ownership, or by rental, lease or lending
- to perform a visual work publicly
- to display a visual work publicly

The term of copyright protection is limited to the life of the author, plus 70 years. If the work is made anonymously or pseudonymously, or if a work “made for hire,” then the term is limited to 95 years from the date of publication, or 120 years from the date of creation, whichever expires first.

When Does a Copyright Begin?

A copyright arises upon creation and fixation of an original work of authorship in a tangible medium, including unpublished works (e.g., a manuscript or a mechanical drawing) and published works. Under the original Copyright Act of 1909, a copyright had to be registered, or the right was lost upon first publication of the work without a notice of copyright affixed thereto. This formal requirement of copyright registration and notice was eliminated with the enactment of the Copyright Act of 1976, which became effective on January 1, 1978. Under present law, protection of both published and unpublished works begins from the date a work is first created and fixed in a tangible medium.

How Is a Copyright Protected?

Registration

Although copyrights are acquired merely by fixing a work of original authorship in a tangible form, the author cannot enforce a copyright in a federal court *unless* the copyright is first registered with the United States Copyright Office. The protection afforded by a copyright is also materially enhanced if a federal copyright registration is filed before an infringement of an unpublished work occurs or within three months of a published work occurs.

A timely federal copyright registration provides the copyright owner with two significant advantages: the availability of statutory damages for infringement, and the availability of obtaining attorneys’ fees and costs from the infringer. Although the Copyright Act of 1976 provides for an infringer to pay damages resulting from the infringement and any profits of the infringer gained from the infringement, that relief may not be sufficient to compensate the copyright owner fully. However, if the copyright owner filed a timely copyright registration, then the court may award statutory damages, from \$700 to \$30,000, for each act of infringement. Further, if the infringement is found to be “willful,” then the court may increase the award of statutory damages up to \$150,000.

Marking

Whenever a work of authorship is duplicated or published, it should, but no longer must, contain a copyright notice in the form and manner prescribed by federal law. The familiar © symbol is one form of notice. Use of the copyright notice does not require that the copyright be registered, and indeed this notice should be placed on all published copies of the work, even prior to registration. You will often see: Copyright 2020 [name]. All Rights Reserved is added to meet the requirements of the Buenos Aires Convention.

Although a copyright notice is no longer required, the absence of such notice can result in an infringement being deemed “innocent.” In this case, the only relief that a copyright owner realistically can obtain is an injunction barring future infringement.

How Is an Application For Copyright Registration Made?

An application to register a copyright is made to the U.S. Copyright Office and must be accompanied by a filing fee and, generally, depositing one or two copies of the work, depending on whether the work is published or unpublished, or is a commercial work such as advertising. Electronic filing applies to registration of published and

unpublished photographic collections. A copyright can be registered by the author of the work, by the owner of a work for hire, or by a person to whom the exclusive rights are legally assigned.

1998 Digital Millennium Copyright Act (DMCA)

The DMCA implemented two 1996 treaties of the World Intellectual Property Organization (WIPO). The law, which is included in the U.S. Copyright Act, is complex. Today, its reach largely envelops the liability of internet services providers and sets forth the provisions for issuing content takedown notices for alleged infringing content on a website. The takedown notice can be and is often abused for competitive purposes.

TRADEMARKS

What Is a Trademark?

Trademarks and service marks are words, phrases, sounds, or symbols used on or in connection with goods or services that identify a particular source of the goods or services. Federal trademark law also provides for special types of trademarks known as *collective* marks (e.g., GUILD OF PRESCRIPTION OPTICIANS) and *certification* marks (e.g., GOOD HOUSEKEEPING SEAL). Collective marks are not owned by any one business but may be used by all businesses included within the collective group. Certification marks do not indicate a source of goods or services, but instead certify that the quality of the goods meets defined standards established by the owners of the certification mark.

The term of a federal trademark registration is 10 years from the date of registration and can be renewed for additional like terms, so long as the mark remains in use. Accordingly, trademark rights can be perpetual. However, unlike patent rights and copyrights, trademark rights can be lost if the trademark is abandoned, for example, it becomes generic (i.e. Aspirin), abandonment by non-use or failure to ensure quality standards. Unlike patents and copyrights a trademark owner must enforce its trademark against infringement or it becomes generic.

How Are Trademark Rights Created?

Use in Commerce

Trademark rights are established under both federal and state statutes, and under the common law. Trademark rights are always created by “use” of a mark “in commerce.” Use of a trademark within a single state gives rise to local trademark rights, enforceable only under state law. In contrast, use of a trademark in interstate or foreign commerce qualifies as “use in commerce” under the federal trademark laws and allows

the trademark owner to seek registration of the mark the USPTO, which, upon registration is effective nationwide and enforceable in federal court.

Intent-to-Use Applications

Prior to November 16, 1989, federal trademark rights could only be created by actual use of a trademark in connection with the sale of goods or services (provided that the mark was not “confusingly similar” to a mark previously selected and used by others). However, after November 16, 1989, federal trademark applications can be filed on an “intent- to- use” basis.

If a business has a *bona fide* intent to use a mark in interstate or foreign commerce, it may, before actually using the mark, apply for an *intent-to-use (ITU)* registration. The filing date of an intent-to-use trademark application creates a “constructive date of first use.” Subsequently, if the applicant begins actual use of the trademark within a specified period, and the application is granted, then the trademark owner has “priority” to use the mark over any other business that adopted the same, or a confusingly similar, mark after the applicant's filing date.

Notice

Use of the familiar ® symbol with a trademark indicates that the mark is federally registered. The symbol ™ is often used with non-federally registered trademarks to give notice to the public that, while not registered, trademark rights are claimed by the owner. Often, the ™ symbol is used when an application for federal registration of the mark is pending. The symbol ℠ is used in the same manner to designate a service mark. The ® is used on both trademarks and service marks once federal registration is obtained.

How are Federal Trademark Registrations Obtained?

To apply for a federally registered trademark, an application must be submitted to the USPTO, in accordance with regulations set forth by the Commissioner of Patents and Trademarks. The application is then “examined” to determine whether the mark is qualified for registration (e.g., that the mark is not descriptive, deceptive, immoral, or otherwise disqualified) and to evaluate whether other, confusingly similar marks, are already registered for like goods or services.

The Patent and Trademark Office seeks to respond to a trademark application within three months after the application is filed, and a final decision on the application is generally issued within 13 months. However, those

target dates are often not met. If a trademark application is approved by the Examining Attorney, the mark is then published for “opposition.” If no opposition is received within the 30-day period after publication, or if an applicant is successful in overcoming an opposition, then the mark may be immediately registered. In the case of an intent-to-use application, successful examination results in a “Notice of Allowance” being issued. The applicant must then “march to the market” by actually using the mark in commerce.

An applicant seeking registration under the intent-to-use provisions generally has six months after the Notice of Allowance to file a “Statement of Use” with the Trademark Office. If the applicant has not been able to get its goods or services into the marketplace within the six-month period, additional time may be obtained if the applicant is making a good-faith effort to begin use of the mark in commerce.

Between the fifth and sixth years after a trademark is registered, the registrant must file a declaration stating that the mark remains in use and submit a specimen of the mark as it is currently used. Failure to file such a declaration will result in cancellation of the mark. A registrant may also file a declaration that the mark has been continuously used for the past five years with no adverse claims against ownership. If such a declaration is filed, the mark is deemed “incontestable,” and certain additional protections accrue to the owner.

Madrid Protocol

A U.S. issued trademark may be filed within six months under the Madrid system for International registration. The Madrid system provides for a centrally administered system facilitating the registration of trademarks in multiple jurisdiction around the world by way of one application and avoid filing separate applications in individual countries. The Madrid system does not create a unified registration, as is the case with a European Union trademark. Each country still requires a national phase entry to be pursued.

Ownership of Intellectual Property

Intellectual property rights have unique issues relating to ownership and enforcement. For example, only the “owner” of a patent or copyright can grant an exclusive license. In the case of patents only the owner or exclusive licensee can file a lawsuit for patent infringement. In the case of a copyright, only the owner of the copyright can file suit for infringement. Litigation regarding patents and copyrights is, by statute, is exclusively in the federal courts.

If there are two or more owners of either a patent or copyright (e.g. coinventors or coauthors) then each has a nonexclusive right to practice the invention or make copies and neither can grant an exclusive license to another without the agreement of all owners. Thus, exclusive ownership of patents and trademarks is important as divided ownership greatly reduces the value of the patent or copyright if only nonexclusive rights can be granted and most third parties are not interested in a nonexclusive license. The issue of nonexclusive ownership (fractional ownership) often occurs when inventors cannot agree on an exclusive assignment of the patent or where heirs of an estate each receive an undivided interest in a copyright. Therefore, resolving questions of ownership becomes important before title becomes fragmented and particularly in estate planning.

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