

# Intellectual Property Advisory: Patents, Trademarks, and Copyrights: Knowing the Difference

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Often, the most valuable assets of a business are its intellectual property rights. These assets include your company name, your brand names, the design and content of your website, and the secrets behind your revolutionary products and services. Yet while substantial time, research, and effort are invested in developing and marketing these products and services, many businesses fail to fully protect their intellectual property. This advisory is a brief overview of three of the most common and available types of intellectual property protection—patents, copyrights, and trademarks—and it should assist you in recognizing the differing natures of each type of protection and developing effective intellectual property strategies.

## Patents

Granted by the United States Patent and Trademark Office (USPTO), a patent is one of the most comprehensive and powerful types of intellectual property protection. A patent essentially protects ideas for things or processes and is not suitable to protect all types of intellectual property. There are two principal kinds of patents: utility patents, which can protect new and useful inventions, such as machines, manufactured items, processes or compositions of matter, and design patents, which can protect the ornamental design features of manufactured articles, such as the shape of a chair.<sup>1</sup> The duration of a utility patent is 20 years from its earliest effective filing date. The duration of a design patent is 14 years. During the patent period, the patent owner has the right to exclude others from making, using, selling, or offering for sale the patented invention. Importantly, the owner of a patent may sell or assign the patent or license others to practice the patented invention.

Inventors seeking patent protection must fulfill certain requirements. First, their invention must be novel, or new. It must not already have been known or disclosed to the public, such as in an existing patent or publication such as a trade journal or magazine article. The reason for this becomes clear once the rationale behind a patent, which has its genesis in Article I, Section 8 of the U.S. Constitution, is understood. Our founding fathers wished to quickly industrialize their new nation and they originated from places where industrial secrets rarely became public. Therefore they sought to foster rapid industrialization by striking a bargain with inventors to encourage prompt disclosure of their inventions. That bargain was granting an inventor the exclusive right to exclude others from making or using the invention for a number of years, but at the end of that period the public would be free to make and use the invention. The inventor's consideration is that he or she must disclose that invention fully, its best mode, and how to make and use it (done through a detailed explanation in the patent itself, which becomes public). If that invention is already known, for example by being the subject of an existing application or patent, then the scientific community is not really gaining any valuable new knowledge or insight, and thus that invention has not earned that exclusive protection period.

The second patent requirement is that the invention cannot have been obvious to someone of ordinary skill in that particular art at the time the invention was made. This means, for example, if someone ordinarily skilled in that art at the time of the invention would have intuitively or naturally thought of combining certain features from what already existed to create the new invention, then it's likely that the new invention will not qualify for patent protection. Again, the rationale is the same: that new invention must add to the existing body of knowledge.

Third, the patent application must not only tell someone skilled in that particular art how to make and use the invention, but also must describe the best mode contemplated by the inventor for carrying out his or her invention. This is an important requirement that again is in place to effect the goals of the patent statute: namely, to enrich the body of scientific knowledge by enabling those skilled in the art to actually practice the invention once the patent expires.

While patent protection can be a very powerful tool in any company's intellectual property portfolio, there are certain limitations that may prohibit it from being the perfect tool for every situation. Patents can require significant investments of time and capital. It is not uncommon for patent prosecution (the process of obtaining a patent) to take several years. If a patent is ultimately granted, any product of the inventor that practices or embodies the patent claims will be protected as of the issue date of the patent. Certain small, intuitive improvements on existing products may not be patentable no matter how marketable or desirable they may be to your customers. Patent protection in the U.S. must be sought before or within one year after the invention is first offered for sale or publicly used. Therefore, the process must be commenced as early as possible. Finally, the limited monopoly offered by a patent will eventually expire. With certain high-technology products, for example, this may not be a concern because the products will become obsolete before the patent expires; but for other products, this may be an issue particularly in light of the requirement to fully disclose the invention, and its best mode, as discussed above.

## Copyrights

Copyright protects an original work of authorship that has been fixed in a tangible form. Unlike a patent, which protects ideas and inventions, a copyright protects only expression in *tangible* form. Copyright can protect, for example, audiovisual works (*e.g.*, movies and websites), musical works, literary works (*e.g.*, novels, news articles, marketing or advertising materials, product instruction manuals, etc.), software code, artistic works, and architectural works. To be protected by copyright, a work must be "original," meaning it must be the product of independent creation and have at least a minimum level of creativity (*i.e.*, mere collections of facts absent some creativity in their organization generally are not copyrightable). The work must also be "fixed" in a tangible form capable of perception by the senses (*i.e.*, written down or otherwise recorded in some tangible medium). Copyright does not protect intangible or fleeting items such as live sporting events, or musical or dramatic performances. However, a recording or transcription of that sporting event or performance would be fixed and, therefore, copyrightable. Since copyright does not protect ideas, only the original tangible expressions of those ideas, the idea, for example, for a novel or a video game in which the protagonist is a spy engaged in international intrigue is not copyrightable, but the tangible expression of that idea by a game developer (*e.g.*, the software code or graphics for a particular game) or a writer (drafts or a final

version of a novel) could be. Unlike a patent, which is only created after government approval, a copyright exists from the moment the work is reduced from an idea to a tangible expression.

Neither a copyright registration nor use of a copyright notice are required to secure this protection, although both are advisable for a variety of reasons. First, a copyright registration is considered *prima facie* proof of the ownership and validity of the copyright (in the absence of which validity would have to be proven during an infringement lawsuit, which can be an expensive proposition). Second, a registration is required before a U.S. copyright owner can sue another party for infringement in federal court.

Third, if the registration is obtained before an infringement occurs, the copyright owner has the option in an infringement action to seek statutory damages which can range from \$200 up to \$150,000 per infringed work. Without the ability to claim statutory damages, a copyright owner is limited to proving its actual damages and loss of profits, which may be far less than potential statutory damages.

The owner of a copyright has the exclusive right to (either directly or through a third party) reproduce the copyrighted work in whole or in part, adapt it (*e.g.*, to make new works based on it), perform or display it publicly (*e.g.*, screen a film or allow it to be played on the radio), and distribute it to the public. Violation of these exclusive rights by a third party may subject that party to a copyright infringement claim.

One aspect of copyright ownership worth noting is that generally, when the transfer or exclusive licensing of a copyright takes place other than by operation of law (*e.g.*, in a bankruptcy proceeding), that transfer or exclusive license *must* be in writing and signed by the copyright owner (or a properly authorized agent). There are, however, several notable exceptions. When the copyright is a “joint work” (meaning a work jointly created by two or more parties), ownership will automatically vest in both parties absent a written agreement between them to the contrary. In the case of works created by an employee in the course of his or her employment, or by a party specifically commissioned to create that work, ownership of the work will automatically vest in the employer, again without the necessity of any writing (although one is recommended).

Generally, for works created after 1978 (when a major revision of the Copyright Act was implemented) the copyright vests in the author (*i.e.*, the person who first translated the idea into a protectable tangible expression). The “work for hire” doctrine is an exception to this rule. It applies when that author is either an employee creating the work in the scope of his employment (as mentioned above) or, in certain cases, where the work is specially created or commissioned. In those cases, the employer or commissioning party is considered to be the author and the owner of that work from the moment the copyright is created, without the necessity of any assignments. For example, an employee (a computer programmer) is asked to write a piece of software for his employer. Upon doing so, provided certain conditions discussed below are met, that employee will not be considered either the author or the owner of that software. The employer will. While not exhaustive, the general criteria for when someone is considered an “employee” are:

- whether the employer had the right to direct and control the employee, including the ability to assign future projects
- how much skill was required to create the work
- what types of benefits the employer provided to the employee (*e.g.* supplying office space, health benefits, work materials, etc.), and
- the tax treatment of the employee.

In addition to being created by an employee, this first type of work for hire must also be created in the scope of that employee’s job, meaning the work must be of the type the employee was hired to create and be substantially completed during work hours in his place of business. With respect to the second type of work for hire—specially commissioned works—only certain categories of works are eligible for work for hire treatment, such as audiovisual works, tests and answer materials, instructional texts, and translations. Notably absent from that list is sound recordings.

The term of protection for a federal copyright registration is a complex question that depends on many factors, such as when the work was first created, when it was first made public, and even by whom the work was created (*e.g.*, a work for hire has a longer term of protection than a regular copyright registration). Broadly speaking, however, a federal copyright registration will last for 70 years after the death of the author.

## Trademarks

A trademark is a “brand identifier” (*e.g.*, a word, logo, design, phrase, color, smell, sound, etc.) used on or in connection with the sale of goods or services that indicates to consumers the source of the good or service. As with copyrights, trademarks do not have to be registered to exist. They can be unregistered marks that are actually in use (so-called “common law” marks), they can be registered at the state level, or they can be registered with the federal government through the USPTO for an unlimited number of ten-year terms (provided the mark is actually being used in commerce). Federal registration is always recommended since it confers significant benefits:

- It provides exclusive nationwide rights to the mark for the goods and services in the registration regardless of where in the United States the mark is actually used.
- It creates a presumption that the trademark is valid and owned by the registrant (which can obviate certain expenses during litigation to enforce that registration).
- It puts third parties on notice that the registrant is using the mark on and in connection with certain goods or services, and can help deter instances of infringement (this will help prevent similar marks for similar goods or services from being federally registered subsequently).
- It confers certain additional legal remedies not available to unregistered or state registered trademarks
- It helps the registrant prevent entry of unauthorized goods into the U.S.<sup>2</sup>

Finally, once a trademark is federally registered, the owner is entitled to use the symbol “®” in connection with the mark rather than the “™” symbol, which can be used in connection with an *unregistered* trademark.

Before a federal application is filed, it is highly recommended that a trademark search be performed for the proposed mark. A trademark search, which results in a search report that details the existence of third-party trademarks similar to the proposed mark, is advisable for several reasons. First, since the USPTO will compare the proposed trademark against its trademark database and reject any proposed trademark application deemed too similar to an existing application or registration, a trademark search will offer early guidance on the availability of that proposed trademark and the estimated chances of obtaining a registration for the proposed trademark. Knowing beforehand that a mark is unlikely to be granted registration because of existing registrations saves you from wasting time and money launching a brand name which will have to be changed because no federal registration can be obtained. Second, being aware of the use of a similar mark by a third party also helps you avoid adopting a new trademark that will expose you to trademark infringement liability to that third party even if that third party never obtained a federal registration for that trademark. Having this information beforehand will avoid the problem of finding this out by receiving a cease and desist letter alleging trademark infringement from a competitor who has been using a similar mark for many years.

Federal trademark protection can be sought before a mark is actually placed into use (in essence, reserving it in advance of a product or service launch) or after a mark has been used in commerce. Protection may be obtained for a wide variety of “source indicators.” A company may seek to protect the name and logo for a new product or service. It may seek to protect a “house” mark used in connection with all of its products, plus all the additional individual trademarks used on or in connection with specific lines of products and services (for example, Frito Lay® is a federally registered house mark used in connection with many product lines, but in addition, each line of snack chips, e.g., Sun Chips®, has its own registration). It may seek protection for a product shape (e.g., the Coca-Cola bottle), a distinctive color (e.g., “brown” for UPS services or “pink” for building insulation), a sound (e.g., the NBC chimes, the Intel chimes, or even the lion’s roar used by MGM’s film studio), or a smell (e.g., the scent of embroidery thread).

In order for a federal trademark registration to issue, the mark must actually be used in commerce in the United States. While an *application* can be filed based on a bona fide intent to use the trademark in the future, a *registration* will not issue until proof of actual use is submitted to the USPTO. Moreover, not all source indicators used by a company are eligible for a federal registration. The “generic” term for a product can never be protected as a trademark, and marks which “describe” a product or service may not be protected unless certain requirements are met. The best trademarks are those that are invented words with no meaning ( e.g., “Xerox” or “Kodak”) or marks that have a meaning in the English language, but have no meaning when used on or in connection with the product or service at issue (e.g., APPLE for computers).

Once trademark rights are established, whether by common law, state law or through a federal registration, they can be legally enforced. One way of doing this is by bringing a trademark infringement lawsuit. The standard for enforcing a federal trademark registration consists of two parts. First, courts consider whether the purported owner has a valid and enforceable trademark. Analysis under this first element varies depending on factors such as whether the owner has a federal trademark registration or a state registration, how old that registration is, what type of

federal registration it is, etc. The second factor is the main part of the analysis and focuses on whether the new mark is used in a way that is likely to cause confusion among consumers as to the source of the products bearing the two trademarks. More specifically, the inquiry will examine whether the new user is using the trademark in question in such a way that consumers will think it originates with the owner of the older trademark. Factors courts can consider when evaluating the second prong of a trademark infringement claim can include evidence of confusion by actual customers (*e.g.*, emails or letters), whether any trademark searches were performed before the new user commenced use, how sophisticated the potential buyers are, the quality of the new user's goods, etc. Potential remedies for successfully bringing a trademark infringement claim include, among others, awards for the defendant's profits from the sale of the infringing goods, profits lost by the plaintiff, and attorneys' fees and costs.

Trademark rights are also territorial. Thus, if a mark is protected in the U.S. it is not automatically protected in any other country. Separate protection must be obtained in each country in which protection is desired.

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To tie the foregoing three types of protection together in a comprehensive example, consider the fictional Acme Corporation. Acme's principal product is a new type of machine that can make widgets 100% faster, for significantly less money, than any prior widget-making machine. Acme sells this machine to widget manufacturers under the name "DynaWidg 2000." In seeking to fully protect its assets against encroachment from competitors, Acme should consider patent protection to protect the machine itself, an invention.

It should also consider trademark protection for the name "DynaWidg 2000," to protect competitors from using the same or a similar name for their own widget-related products or services, and Acme should consider copyright protection for materials, such as the training manuals accompanying the machine, product advertising, any software used to run the machine, and even the company's website.

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## Endnotes

<sup>1</sup> Patents are also available for new varieties of plants.

<sup>2</sup> See [Mintz Levin Client Advisory entitled "U.S. Customs—A Trademark Owner's Ally."](#)

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*For assistance in this area please contact one of the attorneys listed below or any member of your Mintz Levin client service team.*

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