

"I lost some intellectual property here last night. Anybody remember what the hell I was talking about?"

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Hidden Intellectual Property Issues for the Business Lawyer

Steven Peretz • Michael Chesal • Leora Herrmann









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IP Protection

Trademark  	Copyright  
Trade Dress  	Patent  

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What is a trademark?

- Designator of source
- Protects consumers from confusion
- Create and leverage brand identity



What is trade dress?

Packaging



Product Configuration



What is copyright?





Protection for:

- works of authorship
- fixed in any tangible medium of expression
- from which they can be perceived, reproduced or otherwise communicated (including by machine)




Copyright Protects ...

- **Literary Works:** software, manuals, ads
- **Visual & Audiovisual Works:** websites, photographs, training videos, fabric designs
- **Architectural Works:** plans, building designs, ornamental features
- **Musical Works:** lyrics, compositions, sound recordings

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What is a patent?

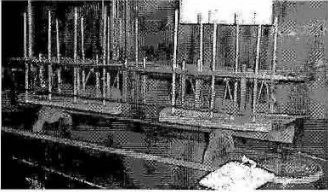
- **Utility:** Protects new and useful process, machine, manufacture, or composition of matter or improvement thereof
- **Design:** Protects new, original and ornamental design for article of manufacture
- **Plant**

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Lincoln's Patent




Lincoln's Patent

On May 22, 1849, Abraham Lincoln received Patent No. 6469 for a device to lift boats over shoals, an invention which was never manufactured. However, it did make him the only U.S. president to hold a patent. Shown here is his scale model at the Smithsonian Institution in Washington, D.C.


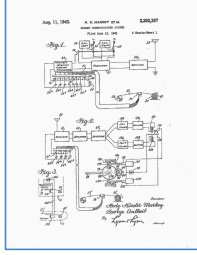
© Abraham Lincoln Online

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Hedy Lamarr

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Trademark Basics for the Transactional Attorney

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Brand Identity

- Who am I?
- What do I do?
- What's my message?



Sudsies.com
DRY CLEANERS & LAUNDRY
305-864-3279

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Trademark Selection

- Trademark search and analysis
- Availability as corporate name is not enough
- Distinctiveness
- Domain name availability



Spectrum of Distinctiveness

- **Generic** – e.g., aspirin, cellophane
- **Descriptive** – e.g., Bufferin, Chap Stick
- **Suggestive** – e.g., Pickles & Ice Cream
- **Arbitrary / Fanciful** – e.g., Apple, Kodak



Proper Trademark Usage

- Do not use mark as a noun or verb (e.g., FedEx, Xerox, Band-Aid)
- Use capital letters, italics or quotation marks
- Use proper trademark notices – ® or ™
- Enforcement program (Coca-Cola)



Why Your Clients' Trademarks Should Be Registered

- Nationwide rights as of filing date
- "Reserve" a mark with ITU application
- Presumptions in litigation
- Anti-counterfeiting remedies
- International expansion

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Maintenance of TM Registrations

- Periodic filings required
- Renew every 10 years
- Trademark watch
- Market vigilance

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Avoiding Common IP Pitfalls

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Who owns the copyright?

- Client hires photographer to shoot product for website
- Client hires developer to create website for its company
- Client hires programmer to create custom software for client's in-house use



What do your clients need?

- Written independent contractor agreements with strong IP provisions
- "Work for hire" is not enough -- many types of works do not qualify as works for hire
- Need carefully drafted assignment provisions



Why should your clients' copyrights be registered?

- Required before suit can be brought
- Statutory damages and attorney's fees



Who owns the trademark?

- Client and cousin each run a restaurant using the same name in the same market
- Client distributes branded product manufactured by foreign supplier
- Client licenses trademark to third parties in exchange for a royalty



What do your clients need?

- Written license agreements
- Identify owner/licensor vs licensee
- Include key provisions, such as quality control





Trademark Purchase

- A trademark cannot be sold or assigned apart from the good will it symbolizes
- Assignment without the associated good will destroys the mark
- Assignment document should refer to good will
- Need some continuity of use between Assignor and Assignee





Security Interest

- A security interest must be in the trademark and its associated good will
- Should include tangible assets associated with the mark; otherwise foreclosure will result in an assignment-in-gross
- Beware of security interests in ITU applications



Who owns the patent?

- Client's marketing director invents a great new product during business hours
- Client hires a research scientist to solve a particular problem
- The research scientist collaborates with her unemployed friend



What do your clients need?

- Written employment agreements with strong patent provisions
- Written independent contractor agreements with strong patent provisions



Patent Marking

To be eligible for money damages in infringement suit, patentee must give notice of patent:

"Patent" or "Pat" + Patent Number

U.S. PATENT NOS./N^{OS} DE BREVETS AMÉRICAINS : 5,063,667; 5,113,585;
5,273,305; 5,399,204; 5,687,485; 5,701,788; 5,761,814; 5,784,790; 5,787,586;
5,794,354; 5,800,627; 5,813,293; 5,855,071; 5,918,369; 5,956,851; 5,985,459;
6,009,624; 6,029,354; 6,185,823; 6,192,586; 6,212,777; 6,349,471; 6,415,517;
6,499,595; 6,648,140; 6,684,513; 6,749,788; 6,886,690; 6,889,438;
D558,063; D571,591; D579,347

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Trademark Marking

To be eligible for money damages in infringement suit, owner must give notice of trademark registration:



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Acquisitions: IP Due Diligence

Aids in valuation; identifies potential liabilities

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Ownership • Strength • Gaps in protection • Licenses granted | <ul style="list-style-type: none"> • Indemnification obligations • Licenses of IP used • Pending proceedings |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|

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Insurance Coverage
for IP Claims in the Most
Unlikely Place

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What commonly purchased
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contains protection for some
intellectual property lawsuits?

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ANSWER

Commercial General
Liability (“CGL”) policy

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What types of intellectual property claims are typically covered by CGL policies?

ANSWER

- “Misappropriation of advertising ideas or styling of doing business or . . . infringement of copyright, trade dress or slogan”
- Copyright and trade dress claims are expressly covered
- Trademark claims are generally covered by the “style of doing business . . . or slogan language”
- Patent and trade secret claims are not covered

Exclusionary Language

- Check for exclusionary language in policy and any endorsements
- Frequently limit scope of coverage

Are attorney's fees for defending the suit covered?

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Scope of Coverage

- Under the insurance contract, the policy will cover (a) defense costs and (b) indemnification
- Some policies deduct cost of defense from the amount available to pay indemnity
- Typical policy limits for CGL policies range from \$1,000,000 to \$2,000,000 per occurrence, subject to a nominal deductible

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How does client get coverage from the carrier?

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Tendering Policy

- Write carrier enclosing a copy of the complaint
- Include an advocacy-type transmittal
- Policy typically requires insured to notify carrier of a claim “promptly” or within a “reasonable” time
- Carrier will have 30 days under Florida statute to provide a response



What type of response
can carrier make to a
demand for coverage?



Coverage Decisions

- Carrier can accept without qualification
- Carrier can deny coverage
- Carrier can defend under “reservation of rights”



Does client have any rights in the selection of counsel?

Selection of Counsel

- Where carrier accepts defense without qualification – **no** right of selection
- Where carrier accepts defense under “reservation of rights” – **yes**
- Under Florida law, must “**agree**” on counsel
- Carrier will often select counsel with little or no intellectual property law experience

What defenses or arguments are typically used by carriers to deny coverage?

Denial of Coverage

- Untimely notice of claim
- Alleged misconduct was intentional
- Alleged misconduct involved a breach of contract
- Policy holder is only sued for injunctive relief
- Misconduct commenced outside coverage period
- Claim is unrelated to the policy holder's advertising

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