

# *Patently Good Ideas* \_\_\_\_\_

## **Intellectual Property Law for Business and Entrepreneurs**



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## **What is Intellectual Property?**

- Abbreviation: Intellectual Property = IP
- Definition:
  - A category of intangible rights protecting commercially valuable products of the human intellect . . . eh???
- Traditional Types of IP:
  - Not Patents
    - Trademarks
    - Copyrights
    - Trade Secrets
  - Patents
    - Utility, Design, and Plant patents



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## Why Should We Care About Intellectual Property?

- Economists estimates that domestic intellectual property (IP) is worth more than:

**\$7,000,000,000,000** (trillions)

- Example: Coca-Cola has been estimated to hold intellectual property worth more than \$70 billion.



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## Trademark Basics

- A trademark is a source identifier.
  - Any word, name, symbol, device, or combination thereof
  - used to identify your goods and distinguish them from the goods of others
  - Can include names, logos, sounds, smells, product design, packaging, etc.
- Many rights come from use – more with registration.
  - Use <sup>TM</sup> for unregistered common law marks, limited protection
  - Use ® for registered marks, national protection
- First use of the mark = priority of rights.
- Rights last forever - as long as the mark is used.
- A typical US Trademark Registration (including an optional, but recommended, clearance search) costs approximately \$2,500 to obtain over 12-18 months.

TM



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## Trademark Examples



Kodak

Fanciful/Coined  
(Very Strong)



Suggestive  
(Weaker)



International  
Business  
Machines  
Descriptive  
(Weakest)



Apple Computers

Arbitrary  
(Strong)

**Generic** – terms such as aspirin, cellophane, and escalator are now generic words.

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## Copyright Basics

- Protects the “works” of “authors”.
  - Examples - writings, music, and other works of art that have been tangibly expressed.
  - Copyright consists of a bundle of rights:
    - to copy or reproduce the work
    - to distribute the work by sale
    - to control “derivative works”
    - to perform or display the work
  - Protects the expression of the idea, not the idea itself.
  - Copyright exists immediately upon creation of the work and fixation in a tangible medium.
  - Voluntary copyright symbol (©, the letter C inside a circle), the abbreviation “Copr.”, or the word “Copyright”.



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# Copyright Basics

- Basic duration – can be a complex issue, but generally
  - Life of the author plus 70 years, or
  - Corporate authorship is 120 years after creation or 95 years after publication, whichever is earlier.
- Registration not mandatory, but encouraged.
  - If registration is made within 3 months after publication or prior to an infringement, it is possible to collect statutory damages and attorney's fees in an infringement action.
  - Otherwise, may be limited to actual damages in an infringement action.
- Registration is inexpensive - \$65/\$45 and downloadable forms at [www.copyright.gov](http://www.copyright.gov).



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# Copyright Basics

- Copyright Ownership – can be complicated, but
  - General Rule - The author is usually the owner.
    - “Work-for-hire” exception - An author’s employer owns work(s)
      - created by an employee within the scope of employment, or
      - that fall within certain statutory categories (e.g., collective works, movies, translations, compilations, atlases), where an agreement commissioning the work is in writing and signed by the creator or creators before work begins.
    - Common mistake - Third party contractor/developer own websites, software code, etc., unless there is an agreement otherwise.
  - Important – any assignment must be in writing to be effective.
- Fair Use Exception – also complicated, but factors include
  - Purpose and character of the use – commercial versus nonprofit educational
  - Nature of the work – creative versus factual
  - Amount and substantiality of the portion used relative to whole
  - Effect of use on the potential market of the work

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## Trade Secret Basics

- Many states have adopted the Uniform Trade Secrets Act (UTSA).
  - \*Defend Trade Secrets Act of 2016 (DTSA), federal law
- Any valuable information that gives you a competitive advantage and that is maintained as secret.
  - Must take reasonable steps to maintain the secrecy.
- Can be the best way to protect your intellectual property, as long as it stays a secret!
  - When a trade secret is lost to the public, it is lost forever.
- Misappropriation (e.g., improper acquisition or disclosure) is theft under state (and now federal) law.



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## Trade Secret Example



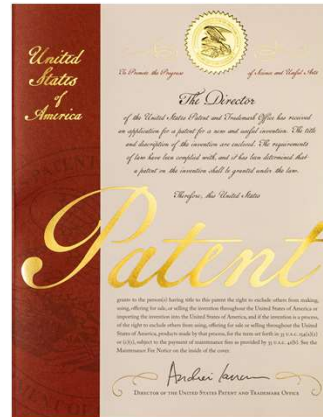
- Formula held as trade secret for over 100 years.
- The current Coca-Cola formulation is not patented.
- Only a handful of people know the formula, most only portions.
- If someone else were to independently re-invent the exact formulation for Coca-Cola, the Coca-Cola Company cannot prevent them from making and selling it!

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# Patent Basics

- What is a patent?
  - A right to exclude others from making, using, selling, and importing **an invention.**
- Policy
  - Constitutional Basis
    - The Congress shall have Power . . . 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.
  - Patents encourage early disclosure of new inventions to the public . . . This is a good thing!



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# What is an Invention?



- We are all inventors
  - A mere idea is not an invention, however -
  - **Any time you solve a problem, you have made an invention!**
- The trick is that not all inventions are patentable.
- Patentability Requirements:
  - Novel - Different from what was known?
  - Useful - Is it landfill, or isn't it?
  - Non-Obvious - Would a PHOSITA have recognized the invention as a predictable variation of what was already known?

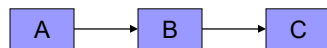
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# Patent Types



- Utility Patent
  - Covers processes, machines, articles of manufacture, compositions of matter, and Improvements thereof.
    - “Business methods” – law is in a state of flux (Alice Corp.)
  - Duration of twenty (20) years from filing date.
- Design Patent
  - Covers ornamental appearance of articles.
  - Duration of 15 years\* from date of issue.
    - \*Hague Agreement and International Designs.
- Plant Patent
  - Asexually reproduced distinct and new plants.
  - Duration of twenty (20) years from filing date.



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# Have Invention, What Now?

- Properly Document Your Invention
  - U.S. is a first-inventor-to-file jurisdiction – one who is first to file has a right to the patent.
  - Reduce the invention to a writing.
    - The inventors should sign and date, and have at least one corroborating witness sign and date.
      - For example, use notebooks in a laboratory or development setting.
    - Useful in preparing a patent application, and as evidence of inventorship in some situations (e.g., derivation and TS misappropriation).



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## Have Invention, What Now?



- Avoid a Public Disclosure
  - Includes telling a third-party, offering to sell, or selling your invention.
  - One year bar from date of first disclosure/offer to sell/sale.
  - Any public disclosure may destroy “absolute novelty”.
    - Many foreign countries require absolute novelty for an invention to be patentable.
  - If you believe you **must** disclose, use confidentiality or non-disclosure agreements (NDAs).

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## Have Invention, What Now?

- Conduct a “Prior Art” Search
  - Optional, but highly suggested:
    - Save the expense of filing an application on an invention that is not patentable, and
    - Allows you to write a better patent application
  - USPTO Online Database.
    - <http://patft.uspto.gov/>
  - Google Patents.
    - <http://patents.google.com>
  - Professional search and opinion.
    - Between \$1000-\$2500, depending on complexity
    - Professional search agents can cover more ground, more quickly.



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# Have Invention, What Now?

- Decide type of patent application to file.
  - Utility Application is a formal document:
    - Detailed written description sufficient for one to practice your invention.
    - Set of claims defining the metes and bounds of the invention.
      - Claims = legal definition of the invention
    - Drawings of the invention that meet specific Patent Office drawing requirements.
    - The application is assigned to a Patent Examiner who examines the application for patentability.
    - Can use “Patent Applied For” or “Patent Pending” or the like upon filing.
  - Cost to prepare and file are up to about \$7000, including formal drawing fees and the Government filing fees.

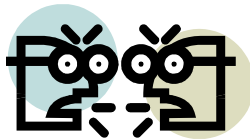


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# Post-Filing

- Patent “prosecution” = arguments back and forth with Patent Office.
  - Applicant (Applicant’s attorney) negotiates with the Examiner or amends the application in response to “Office Actions” from the Patent Office.
    - Can appeal adverse decisions or pay for additional prosecution.
  - Patent application typically remains pending for at least 2-3 years.
  - Can be thousands of dollars more (e.g., up to about \$6000) depending on complexity and length of prosecution.



- Issue Fees due upon Notice of Allowance (total about \$1200/\$600/\$300).
- Periodic maintenance fees required during life of the patent
  - (3.5 years – about \$2000/\$1000/\$500; 7.5 years – about \$3760 /\$1880/\$940; 11.5 years – about \$7700/\$3850/\$1925).

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## Have Invention, What Now?

- Decide type of patent application to file.
  - Provisional application is an informal document
    - Written description and informal (hand) drawings
    - Never examined, and expires after one year
    - Cost to prepare and file between \$600-\$2000
  - Advantages to filing a provisional
    - Provides the inventor one year to improve the invention; seek licensees; seek investment capital; test the market; etc.
    - Can use “Patent Applied For” or “Patent Pending” or the like during the one year period.
    - Can file more than one provisional to cover improvements.
  - Provisional application is a stepping stone to utility and foreign applications
    - Must file a U.S. utility and/or foreign applications within one (1) year, if at all, to move forward with the application.



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## Have Invention, What Now?

- Decide type of patent application to file.
  - Foreign patent applications.
    - Patents are territorial - requires a patent in each country where you wish to protect your invention.
    - Paris Convention – foreign filings within one year of U.S. filing.
  - Patent Cooperation Treaty (PCT).
    - An “International Patent” does not exist, however, an application procedure is available through the U.N. World Intellectual Property Organization (WIPO) for filing with 152+ countries.
    - The PCT application is examined individually in each country selected.
    - Cost to prepare application plus about \$4000/\$3000/\$2500 in international fees.
    - Issue fees and annuity fees also required in each country.



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# Final IP Thoughts



- Remember that securing IP is a process.
  - Typically must fight for the right, and work is almost always necessary after an initial filing for protection.
- IP protection can be a powerful "business tool".
  - Prevent others from profiting on the good will and reputation associated with your business.
  - Keep others from copying your creative expressions.
  - Protect your inventions, either as trade secret or by patent, and ward off your competition.
  - Monetize your IP by licensing or assignment.
- In order for a business to take full advantage of IP, the business first needs to recognize and identify IP.
  - Can you recognize the trademarks, copyrights, trade secrets and "patentable" inventions of your respective projects or businesses?

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# Questions?



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