IP Overview

PATENTS

Constitutional authority for the patent laws stems directly from the Patent & Copyright Clause of the Constitution, which empower Congress:

> "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." U.S. Con., Art. I, § 8, cl. 8.

Patents, generally speaking, protect new and useful inventions, which can be products or processes. One does not have patent rights in an invention until a patent is granted by the U.S. Patent & Trademark Office (although one may have trade secret rights in the invention until that point). One applies for patent protection by filing a patent application with the PTO, which is examined to see if it is new and useful, and if so, a patent grants. Generally speaking, a patent has a set term (i.e., duration) of 20 years starting from the date that the patent application was filed. 35 USC § 154.

A patent (or before its grant, a patent application) basically comprises a written description of the invention, including pictures and explanatory text, which explains how to make and use the invention. 35 USC § 112, ¶ 1. A patent "sums up" this description in one or more claims—written sentences at the end of the patent. 35 USC § 112, ¶ 2. Each of these claims comprises a sentence defining the subject matter protected by that claim. For example:

> 1. A pencil, comprising: (1) a wooden shaft, (2) a graphite core in the wooden shaft, and (3) a rubber coating on the outside of the wooden shaft.

A patent protects only what is claimed. Thus, infringement, discussed further below, is determined by comparing the accused infringer's product (or process) to the claim. If the product (or process) is exactly the same (so-called literal infringement), or equivalently the same (so-called infringement under the doctrine of equivalents), it infringes that claim. One can also infringe a patent by enabling someone else to infringe a patent claim. For example, infringement by inducement occurs when one intentionally induces another to infringe. 35 USC § 271(b). Infringement by contribution occurs when one knowingly supplies a component for use in a patented product or process, and that component has no other substantial non-infringing uses. 35 USC § 271(c).

A patent comprises "a grant . . . of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States, and, if the invention is a process, of the right to exclude others from using, offering for sale or selling throughout the United States, or importing into the United States, products made by that process." 35 USC § 154(a)(1). Therefore, one, who "without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent." 35 USC 271(a). Although these statutes don't reference a patent's claims I just told you about, trust me that it is well-established that this statute is interpreted with respect to what is claimed. Thus, if one were to make, use, sell, offer to sell, or import a pencil as defined in claim 1 above, he would be a patent infringer, even if he knew nothing about the patent. (Infringement by inducement or contribution by contrast does require some knowledge of the patent and possibly even intent that it be infringed).

Remedies for patent infringement include damages, specifically the patent holder's lost profits (not the infringer's gains), or at a minimum (if lost profits are indeterminable or not present) a reasonable royalty. 35 USC § 284. Injunctions against infringement can also issue. 35 USC § 284. There is no criminal liability associated with patent infringement.

An accused infringer can generally defend on the basis that it doesn't infringe, or that what is claimed is not new, and therefore that that claim should never has been issued by the PTO in the first place. In other words, one can argue that a particular patent claim is invalid.

Even though they are a federally-granted right, patents are personal property, 35 USC § 261, and as such their ownership, transfer, and licensing are generally governed by state-law property, contract, and tort rules applicable to personal property generally. Federal statute however mandates that patents can only be assigned (transferred) in writing. Id. They can however be licensed orally, or by implication as we will see. Patents can be jointly owned, in which case either owner can freely use or license the patent, absent some agreement between them to the contrary. 35 USC § 262.

A suit "arising under" the patent statutes (such as patent infringement), can only be brought in a federal district court. 28 USC § 1338(a). State courts have no concurrent jurisdiction over such suits, and thus jurisdiction is exclusively federal. Moreover, a special appeals court, the Federal Circuit, hears appeals from all such § 1338(a) cases, regardless of where the underlying district court sits. That is, the regional circuit courts have no jurisdiction over § 1338(a) disputes. Further appeal can be taken from the Federal Circuit to the Supreme Court.

COPYRIGHTS

As with patents, copyrights stem from the U.S. Constitution (see Patent and Copyright Clause above).

Copyrights, generally speaking, protect expression fixed in tangible media (e.g., a painting of a flower fixed on a canvas, or computer code fixed on a disc), 17 USC § 102(a), although such protection does not extend to that media (the canvas or the disc), 17 USC § 202(a). Thus, I can own a canvas with your painting on it (a copy), but the copyright in the painting is still yours. Copyright does not protect non-expressive, function attributes, such as "ideas, procedures, processes, systems, methods of operation," etc. 17 USC § 102(b).

Copyright rights exist as soon as the expression is fixed. One does not have to register a copyright with the Copyright Office at the Library of Congress to have copyright rights, although doing so can improve one's infringement remedies. See 17 USC § 412. Registration (or at least filing a copyright application for registration) is usually a prerequirsite to bringing an infringement suit. 17 USC § 411(a). A copyright can generally be registered at any time, even years after its creation. 17 USC § 408(a).

One also does not have to mark a copyrighted work with a copyright symbol (© 2013 Terril Lewis), but this is a good thing to do, as failure to provide such notice can adversely impact damages. See 17 USC § 405(b).

Copyright term provisions are complicated, but the general rule is that a copyright lasts for the life of its author plus an additional 70 years. 17 USC § 302(a).

A copyright owner "has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;
(2) to prepare derivative works based upon the copyrighted work;
(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission."

17 USC § 106. Said more simply, the right to: copy, adapt, distribute, publically perform, and publically display. Any who violates these exclusive rights is a copyright infringer. 17 USC § 501(a).

Generally speaking, one infringes a copyright if (1) they had access to the copyrighted work, and (2) the accused work is substantially similar. This is a somewhat vague standard, and there's more to it than this, but essentially you must have known about the copyrighted work, and created a work that is suspiciously similar. One can also induce or contribute to infringement of a copyright by another, in which case they infringe.

Remedies for copyright infringement include damages, specifically the copyright holder's actual damages and any additional profits of the infringer, and may include statutory damages. 17 USC § 504. Injunctions against infringement can also issue, as well as orders impounding or disposing of infringing articles. 17 USC §§ 502, 503. There is also potential criminal liability. 17 USC § 506.

Even though they are a federally-granted right, copyrights are personal property, 17 USC § 201(d), and as such their ownership, transfer, and licensing are generally governed by state-law property, contract, and tort rules applicable to personal property generally. Federal statute however mandates that copyrights can only be assigned (transferred) in writing. 17 USC §204(a). They can however be licensed orally or by implication. Copyrights, like patents, can be jointly owned.

Like patents, a suit "arising under" the copyright statutes (such as copyright infringement), can only be brought in a federal district court. 28 USC § 1338(a). State courts have no concurrent jurisdiction over such suits, and thus jurisdiction is exclusively federal. However, unlike patents, copyright suits appeal in a normal manner to regional appeal courts, such as the Fifth Circuit.

TRADEMARKS

Trademark protection exists on both the state and federal levels. Thus, you can have trademark protection under Texas law, and under federal law at the same time. However, we will ignore state trademark rights here. Federal protection is provided by the Lanham Act, which is codified in 15 USC § 1051 et seq. Confusingly, people usually refer to the various provision with reference to the statutory numbers used in the Lanham Act (e.g., § 43(a)), rather than where that law is actually codified (15 U.S.C. § 1125(a)).

There is no "Trademark Clause" in the Constitution, and the Patent and Copyright Clause has been held to not apply to Trademarks. Where then does Congress get the authority to pass federal trademark legislation? The Commerce Clause. This means that federal law's reach over trademarks isn't complete: for example, a trademark used only locally may not be considered to affect interstate commerce, and so couldn't avail itself of the benefits of federal protection.

A trademark is a word, name, symbol or device, or combination of those items, which is used to identify and distinguish the source of one's goods or services. 15 U.S.C. § 1127. E.g., "Coke"

for soda; for education and sports; or that little four-note chime you hear on TV commercials for the sale of Intel microprocessors.

Because a trademark has a connection to a particular source of goods or services, upon which the public relies, it is not a right "in gross" (i.e., an absolute right), like one might have in a patent or copyright. For example, Apple computer doesn't not have absolute rights in the trademark "Apple." It only has trademark rights with respect to computer goods, or maybe electronics more generally—goods that the public would reasonably come to associate with that corporate source. Thus, I could open up a store called "Apple plumbing," or I could sell clothes under the trademark "Apple." As we will see later in the course, the trademark/source connection has implications on the ability to assign or license a trademark: if there is another source (e.g., a licensee) now in play, is the trademark/source connection still valid from the public's perspective?

Marks are typically stronger to the extent they don't describe the goods or services to which they pertain. For example, "Kodak" is a strong trademark for film. "Apple" is a terrible trademark for the fruit that is an apple; in fact, "Apple" can't operate as a trademark for apples at all, because that is the generic word to describe that good, and is free for all to use. By contrast, "Apple" is a strong trademark for computers. "Tasty cakes" would be a somewhat good

trademark for doughnuts: it's not the generic word for them, but it isn't completely arbitrary as it describes doughnuts somewhat.

Trademarks can be federally registered, but don't have to be to provide federal rights. Federal trademark registration provides benefits. For example, one generally only has trademark rights in an area in which the mark is used in commerce (e.g., Texas and Louisiana). However, a federal trademark registration provides constructive notice of your use of the mark in the entire country, thereby giving you rights in areas you haven't been yet. Federal registration involves meaningful examination, as the Trademark Office will try to determine whether your mark (or marks similar to your mark) has been used in particular markets (or markets similar to your market). Registration examination also assesses mark strength, as describes above, and registration may be denied if a mark is "weak."

One can sue for infringement of a registered trademark under 15 U.S.C. § 1114 (§ 32 of the Lanham Act). One can sue for infringement of an unregistered mark under 15 U.S.C. § 1125(a) (§ 43(a)), which also operates as a general unfair competition provision for prohibiting, for example, false advertising. It states:

> "Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--
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> **(A)** is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
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> **(B)** in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act."

15 U.S.C. § 1125(a)(1).

Trademark infringement is generally shown under the "likelihood of confusion" test, i.e., that the relevant purchasing public for the good/service would likely be confused by the defendant's mark that the defendant's goods originated from the plaintiff. Typical remedies are provided for, including damages and injunctions, and even seizure and destruction. Like copyrights (but unlike patents), trademark infringement can also give rise to criminal liability.

The owner of a famous mark can also sue for trademark dilution under 15 U.S.C. § 1125© (§ 43(c)). This is not infringement per se, but is activity by the defendant that has the ability to chip

away at the significance of plaintiff's trademark. For example, if I were to use "Coke" as a trademark for engine parts, there would probably be no infringement, because no reasonable person would think that the beverage company was making these engine parts. But in allowing me to use "Coke" on engine parts, the famous "Coke" mark might start to lose its powerful significance, i.e., it may become diluted. Note that dilution takes trademarks a little closer to being rights "in gross."

Like patents and copyrights, a suit "arising under" the trademark statutes can be brought in a federal district court. 28 USC § 1338(a). However, and different from patents and copyrights, state courts do have concurrent jurisdiction over such suits, and thus jurisdiction in suits regarding federal trademarks is proper in both state and federal courts. To the extent a trademark suit is logged in federal court, it would appeal in a normal manner to a regional appeal court.

TRADE SECRETS

Trade secrets are almost entirely a creature of state law. There are some specific federal laws dealing with what one could call trade secrets in particular contexts, but they are not worthy of mention here.

Most states have enacted in some form or fashion the Uniform Trade Secrets Act (UTSA). Not Texas however: we generally follow trade secret law as set forth in the Restatement (First) of Torts, although lots of the common law in Texas borrows from other sources. Here are the relevant provisions of the restatement.

§ 757. Liability For Disclosure Or Use Of Another's Trade Secret—General Principle

"One who discloses or uses another's trade secret, without a privilege to do so, is liable to the other if

(a) he discovered the secret by improper means, or
(b) his disclosure or use constitutes a breach of confidence reposed in him by the other in disclosing the secret to him, or
(c) he learned the secret from a third person with notice of the facts that it was a secret and that the third person discovered it by improper means or that the third person's disclosure of it was otherwise a breach of his duty to the other, or
(d) he learned the secret with notice of the facts that it was a secret and that its disclosure was made to him by mistake.

Comment b. Definition of trade secret.

A trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers. It differs from other secret information in a business (see § 759) in that it is not simply information as to single or ephemeral events in the conduct of the business, as, for example, the amount or other terms of a secret bid for a contract or the salary of certain employees, or the security investments made or contemplated, or the date fixed for the announcement of a new policy or for bringing out a new model or the like. A trade secret is a process or device for continuous use in the operation of the business. Generally it relates to the production of goods, as, for example, a machine or formula for the production of an article. It may, however, relate to the sale of goods or to other operations in the business, such as a code for determining discounts, rebates or other concessions in a price list or catalogue, or a list of specialized customers, or a method of bookkeeping or other office management.

The subject matter of a trade secret must be secret. Matters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret. Matters which are completely disclosed by the goods which one markets cannot be his secret. Substantially, a trade secret is known only in the particular business in which it is used. It is not requisite that only the proprietor of the business know it. He may, without losing his protection, communicate it to employees involved in its use. He may likewise communicate it to others pledged to secrecy. Others may also know of it independently, as, for example, when they have discovered the process or formula by independent invention and are keeping it secret. Nevertheless, a substantial element of secrecy must exist, so that, except by the use of improper means, there would be difficulty in acquiring the information. An exact definition of a trade secret is not possible. Some factors to be considered in determining whether given information is one's trade secret are:

the extent to which the information is known outside of his business;
the extent to which it is known by employees and others involved in his business;
the extent of v measures taken by him to guard the secrecy of the information;
the value of the information to him and to his competitors;
the amount of effort or money expended by him in developing the information;
the ease or difficulty with which the information could be properly acquired or duplicated by others."

State law trade secret suits can generally only be brought in federal district court if there is diversity jurisdiction, or if there is some other federal claim (like patent infringement) in the suit to which the trade secret claim can attach pursuant to pendent jurisdiction.