



Quarles & Brady LLP

**INTELLECTUAL PROPERTY
LAW PRIMER**



QUARLES & BRADY INTELLECTUAL PROPERTY LAW PRIMER

INTRODUCTION

Quarles & Brady LLP is a full-service law firm with a nationally and internationally recognized practice in intellectual property law, ranging from patent, trademark, and copyright law to domain names issues, licensing, franchising, and technology law. This primer provides a brief introduction to intellectual property law rights in the United States. While this primer is intended to assist our clients in understanding the nature and extent of intellectual property rights and obligations, it cannot address every aspect of intellectual property law or every factual situation, so it should not be considered legal advice. For specific advice, contact your Quarles & Brady IP lawyer.

Intellectual property is a product of the mind or intellect. Intellectual property may be protected by law in much the same way as other forms of property and can be transferred by assignment or by license to third parties.

Like other areas of law, intellectual property law is territorial. Most countries have their own laws and regulations for obtaining and enforcing intellectual property rights, although some countries (most notably, European countries) have joined together to create a common system for intellectual property protection. Except for the common systems that cross borders, one must still apply for and obtain intellectual property rights in each country where such protection is needed. As mentioned above, this primer focuses on U.S. law, but your Quarles & Brady IP lawyer can provide advice on intellectual property protections in other countries as well.

The most important intellectual property rights and protection generally fall into four categories: patents, trademarks, copyrights, and trade secrets. Although there may be some similarities among these four categories, each type of intellectual property is different and serves a different purpose.

- Patents are the grant of a limited monopoly from the government to protect new and useful inventions and designs.
- Trademarks, sometimes referred to as brand names, are words, logos, or other indicators used to identify the source of goods or services.
- Copyright law protects expression, such as a literary work, a work of art, a film, an audio recording, or a performance.
- Trade secrets are proprietary business information that has economic value, is not generally known, and is kept secret by the owner.

Each form of intellectual property will be described in depth in this primer.

Why are intellectual property rights important to you?

Like other forms of property, intellectual property can be used by the owner to grow its business and to maximize profits, or it can be assigned or licensed to another party to generate income. In essence, intellectual property is an asset that the owner can use to its advantage over its competitors by, for example, preventing a competitor from:

- making, using, offering for sale, or selling an invention, so the competitor cannot make as good a product;
- using a confusingly similar trademark for competing goods or services; or
- using a cost-saving manufacturing technique that is protected by a trade secret.

Developing and maintaining intellectual property rights may make a business a market leader, which will attract new customers and help



maintain customers' confidence in the business.

Intellectual property rights may also allow a business to attract future investors. A strong and well-protected intellectual property portfolio gives potential investors confidence that they will receive a return on their investment.

COPYRIGHTS

What is a copyright?

A copyright is a bundle of rights that protects an *original* work of authorship or art, such as a book, newspaper, magazine article, motion picture, video production, other audio/visual work, sound recording, photograph, painting, sculpture, architectural work, or software. Copyright law protects the original *expression* that is embodied in such tangible works. With exceptions, the copyright owner has the exclusive right to reproduce, modify, distribute, and publicly perform the work. Each of these exclusive rights is separable and distinct from the others.

How does one obtain a copyright?

In most cases, the author or artist of a copyrightable work (a work with the requisite minimum threshold of original expression) obtains a copyright in the work at the moment the work is created. For example, if you were to begin writing the next best-selling novel, the moment that you put pen to paper and wrote something down, you would have copyright rights in the resulting text. Similarly, if you aspire to be the next Picasso, you would have copyright rights in your work of art the moment you put brush to canvas and created your painting. However, if you created the work for your employer in the course of your employment, your employer would own the copyright in the work; similarly, if you created the work as an independent contractor for another party and you agreed in writing that the other party would own the copyright, the agreement would control ownership. There also can be joint ownership of a copyright if there are joint authors.

Why register a copyright?

It is not necessary to register a copyright to own a copyright. However, for U.S.-origin works, a copyright registration in the U.S. Copyright Office is necessary before a copyright owner can sue for copyright infringement. A copyright owner can wait to register until after there is an infringement; if and when the owner wishes to file a lawsuit, an expedited application for registration is required, which is much more expensive than a regular application. Registering a copyright soon after creation will allow the copyright owner to seek more monetary damages, and possibly attorney's fees, in the event of infringement.

How does one register a copyright?

Registering a copyright with the U.S. Copyright Office is a deceptively simple process. The Copyright Office's website, located at www.copyright.gov, contains a wealth of information on registering a copyright. The application forms are published on the website, along with instructions on how to complete the application. However, some of the questions on the application can require legal analyses; providing incorrect information to the Copyright Office can affect the scope of the owner's copyright rights. Therefore, it is advisable to consult with an intellectual property attorney to assist with the application.

How long does it take to obtain a copyright registration?

Regular processing time for a copyright application with the Copyright Office can be anywhere from six to nine months and may be as long as two years. However, the registration dates back to the day the Copyright Office received the application. It is possible to pay an increased fee to expedite the processing and receipt of a registration in certain circumstances, such as pending or threatened litigation.



How long does a copyright last?

Typically, a copyright term consists of the life of the author or artist, plus 70 years after the author's or artist's death. In the event the work is anonymous, pseudonymous, or a work made for hire, the copyright term is 95 years from the year of the work's first publication or 120 years from the date of the work's creation, whichever expires first.

Must one use a copyright notice?

A copyright notice usually appears as © plus the year of first publication and the name of the owner (e.g., © 2012 Quarles & Brady LLP). For phonorecords the © is replaced with a Ⓟ.

For the U.S. and most foreign countries, a copyright notice is no longer necessary; it was required until a 1989 amendment of the Copyright Act. Nevertheless, use of the copyright notice is still advisable today to put third parties on notice of the copyright in the work, to dissuade infringement of the work, and to allow the copyright owner to seek enhanced damages for copyright infringement.

What is copyright infringement?

Copyright infringement occurs when an unauthorized third party violates one of the copyright owner's exclusive rights in the work. This most commonly occurs when a third party, without the owner's permission, copies the work. For this type of infringement, the infringer must have access to the work and copy it to such an extent that the infringer's work is identical or substantially similar (to the ordinary observer) to the copyrighted work. If another party creates a substantially similar work independently, without copying the copyrighted work, there is no copyright infringement. Other types of copyright infringement including modifying the work (such as turning a novel into a movie) or performing the work (such as performing a play following a copyrighted script) without the author's or playwright's permission.

Are there any defenses to copyright infringement?

There are defenses to a claim of copyright infringement, including:

- fair use of the work for purposes such as criticism, comment, news reporting, teaching, scholarship, or research;
- parody;
- copyright misuse (i.e., using the authority of a copyright to prevent competition beyond the scope of the rights granted by the copyright laws); and
- fraud on the Copyright Office (i.e., making misstatements in order to obtain a registration).

TRADE SECRETS

What is a trade secret?

A trade secret is information that derives economic value from not being generally known and whose secrecy is maintained by reasonable efforts. For example, the formula of the COCA-COLA soft drink is a trade secret.

To be a trade secret, the information must not be readily ascertainable by proper means. Providing the information through a license agreement or to an employee under a confidentiality agreement does not destroy the trade secret.

What information may be protected as a trade secret?

Any information that a competitor cannot obtain by proper means may be protected as a trade secret. Formulas, product drawings, patterns, compilations of information, computer programs, some customer information, business plans, financial information, and manufacturing know-how and methods may be protected as trade secrets.



What are reasonable efforts to maintain the secrecy of the information?

The efforts must be reasonable under the circumstances. Reasonable efforts include using confidentiality agreements with employees and licensees, advising employees of the existence of the trade secret, limiting access to the trade secret on a “need to know basis,” and controlling access to the facility or the section of the facility where the trade secret is located or used.

How long does trade secret protection last?

A trade secret can be protected as long as its secrecy is maintained. Public disclosure of the information will terminate trade secret protection.

How is a trade secret infringed?

A trade secret is infringed when it is misappropriated. Misappropriation occurs when someone knowingly acquires the trade secret by improper means, which include espionage, theft, bribery, misrepresentation, and breach or inducement of a breach of a duty to maintain the secrecy. Misappropriation also occurs when someone discloses or uses a trade secret without consent if that person derived it:

- from or through a person who acquired it by improper means;
- under circumstances giving rise to a duty to maintain its secrecy or limit its use;
- from or through a person with a duty to maintain its secrecy or limit its use; or
- by accident or mistake.

Does reverse engineering constitute misappropriation?

Reverse engineering a properly acquired object is allowed.

What remedies are available when a trade secret has been misappropriated?

Injunctive relief is available to prevent losing the trade secret. Damages, including punitive damages, are also available.

What law governs trade secrets?

Trade secrets are governed by state law. Most states have adopted the Uniform Trade Secrets Act.



CONCLUSION

Quarles & Brady LLP can assist you in obtaining U.S. and global protection for your intellectual property. For more information on how our Intellectual Property Group can help you better manage your intellectual property assets, please contact:

- Richard Young, in Chicago, at (312) 715-5260 or richard.young@quarles.com;
- Bennett Berson, in Madison, at (608) 283-2418 or bennett.berson@quarles.com;
- Daniel Radler, in Milwaukee, at (414) 277-5749 or daniel.radler@quarles.com;
- Jessica Franken, in Phoenix, at (602) 229-5520 or jessica.franken@quarles.com;
- Gavin Milczarek-Desai, in Tucson, at (520) 770-8716 or gmilczar@quarles.com;
or
- Your Quarles & Brady IP lawyer.

For general information on Quarles & Brady LLP and our attorneys, please visit us at www.quarles.com.

Disclaimer: This primer is intended to assist our clients in understanding the basics of intellectual property law and their minimum rights and obligations. It is not a complete guide and should not be considered legal advice.





- Chicago** 300 North LaSalle Street, Suite 4000
Chicago, IL 60654
Phone: 312.715.5000
Fax: 312.715.5155
- Madison** 33 East Main Street, Suite 900
Madison, WI 53703
Phone: 608.251.5000
Fax: 608.251.9166
- Milwaukee** 411 East Wisconsin Avenue, Suite 2350
Milwaukee, WI 53202
Phone: 414.277.5000
Fax: 414.271.3552
- Naples** 1395 Panther Lane, Suite 300
Naples, FL 34109
Phone: 239.262.5959
Fax: 239.434.4999
- Phoenix** One Renaissance Square, Two North Central Avenue
Phoenix, AZ 85004
Phone: 602.229.5200
Fax: 602.229.5690
- Tampa** 101 East Kennedy Boulevard, Suite 3400
Tampa, FL 33602
Phone: 813.387.0300
Fax: 813.387.1800
- Tucson** One South Church Avenue, Suite 1700
Tucson, AZ 85701
Phone: 520.770.8700
Fax: 520.623.2418
- Washington, D.C.** 1700 K Street NW, Suite 825
Washington, D.C. 20006
Phone: 202.372.9600
Fax: 202.372.9599
- Shanghai** BM Intercontinental Business Centre
100 Yu Tong Road
Zhabei District
Shanghai, 200070
+86 (21) 3252.9901

www.quarles.com