

## **Protecting Your Investment in Intellectual Property:**

Trade Secrets, Business Names, Trademarks, Service Marks, Publications and Inventions

### **Introduction**

Intellectual property law protects your company's trade secrets, business name, trademarks, publications and inventions as well as its "know-how" and customer lists. This pamphlet summarizes the intellectual property laws that affect business owners and managers and suggests actions that you can take to protect this valuable property. There are many traps for the uninformed in the laws governing intellectual property. Your lawyer can help protect your company's good name as well as its ideas and innovations. Your lawyer can also counsel you on how to avoid infringing the intellectual property rights of others.

### **Guarding Your Trade Secrets**

Private information that gives your company an advantage over its competitors is called a trade secret. For example, customer lists, formulas, manufacturing processes, cost information, sources of supply, market studies, and compilations of financial data may be trade secrets.

State laws protect trade secrets against infringement. You may be able to obtain damages or an injunction if a competitor or ex-employee steals trade secrets from your company.

You should take several steps to protect your company's trade secrets. First, require all employees to sign a non-disclosure agreement. The best time to obtain such agreements is at hiring, although they can be enforceable if required at a later time. When an employee leaves, require the return of all company documents containing trade secrets, such as customer lists and manuals. At such time, the employee should also be reminded not to violate the confidentiality obligations in his or her non-disclosure agreement. Your lawyer can help prepare a non-disclosure agreement and advise you about establishing effective procedures for enforcing it.

Another important step is to control access to documents containing trade secrets to prevent "leaks." Prepare a list of the documents and keep both the list and the documents in locked cabinets with access limited to authorized personnel.

To protect against inadvertent disclosure to outsiders, require employees to obtain approval of their supervisors before publishing articles or giving speeches that might include unintended disclosure of trade secrets. Also, restrict visitors and tours of your offices and plants so that outsiders do not obtain access to areas where trade secrets might be discovered. In addition, protect the information you give to suppliers, customers and consultants by requiring them to sign non-disclosure agreements. Your lawyer can help you prepare agreements, forms and procedures to preserve your company's trade secrets.

### **Protecting Your Business Name, Trademarks and Service Marks**

Your company can lose its rights to its business name, trademarks and service marks if they are not carefully selected and properly used. Business names are the names under which corporations, partnerships and proprietorships conduct business; trademarks are the names given to a company's products or descriptions of those products; and service marks define or describe a company's services. Sometimes companies use the same name as their business name and trademark or service mark. For example, "Coca Cola" is used in the

business name, "The Coca-Cola Company," and in the trademark, "Coca-Cola," that refers to the beverage.

Your lawyer can help your company adopt guidelines to follow when choosing and using business names, trademarks and service marks. These guidelines can help employees to properly use the protected words in correspondence, advertisements, catalogs and other publications.

There are several factors of legal significance to consider when selecting a business name, trademark or service mark. One factor is the strength of the name or mark. The courts have distinguished among business names, trademarks and service marks as strong or weak. A strong name or mark, entitled to greater protection, may be characterized by words which are arbitrary or fanciful. A good example is "Exxon". Names and marks consisting of geographic or descriptive words are usually weak and are only accorded protection when the public becomes familiar with them. Generic names and marks usually do not receive any protection at all.

Avoid use of a business name, trademark, or service mark that is similar to a name or mark used by another company. Your lawyer can help you avoid litigation by conducting a search for similar names and marks already taken. Under federal and state laws, the first company to use a name or mark may prevent other companies from using the same or a confusingly similar one.

Business names, trademarks and service marks can be registered with the secretary of state in most states and with the U.S. Trademark Office. Both state and federal registration give notice of your claim of rights to the name. Federal registration provides somewhat greater protection since it is effective nationwide; state registration only provides protection against infringement in the states where the name is registered.

Your company name is valuable and may be lost if proper steps are not taken. Your lawyer can help your company select, register and use its business name, trademarks and service marks. In the event of infringement, your lawyer can help you obtain an injunction and recover money damages for losses.

### **Preserving Your Publication Rights**

Copyrights protect your company's written works from unauthorized use. They can protect advertisements, sales catalogs, and other material. The federal copyright laws protect your company's written material in the United States and internationally in countries that participate in the Universal Copyright Convention. Your lawyer can advise you about which of your publications should be copyrighted and how to go about it.

Copyright protection begins the moment a work is written. However, adding a copyright notice to the work strengthens that protection. The copyright usually belongs to the author of a written work, but the author can transfer his copyright to another person. Ordinarily, employees are presumed to have transferred their copyrights to their employers for works written during their employment.

The protection provided by the federal copyright laws lasts for the life of the author plus 50 years. The copyright owner can recover money damages for infringement and obtain a court order to stop the infringement.

Prior to publication of a written work, a notice of copyright should be added to the first page, cover (for magazines), or title page (for books or manuals) to provide notice that the work is subject to copyright protection. Failure to add the notice of copyright can reduce the amount of protection. The notice should contain the word “copyright” (or the symbol ©), followed by the year of first publication and the name of the copyright owner.

Your company can register its publications with the U.S. Copyright Office in Washington, D.C. The fee is nominal and the process of filing an application form with copies of the work is simple. Registration with the Copyright Office provides several legal advantages in the event that it becomes necessary to take action against an infringer. Copies of the application forms and instructions are available from the Information and Publication Section of the Copyright Office.

Your lawyer can help your company identify printed material which should be marked with a copyright notice or registered with the Copyright Office. Your lawyer can also help you to pursue legal remedies against infringers and help your company adopt procedures that protect your copyrighted material and assure that employees don't infringe upon the copyrights of others.

### Protecting Your Inventions

Protect your company's inventions by obtaining a patent from the U.S. Patent Office. Patents are issued for a variety of ideas and inventions, including equipment, processes, machine parts, and chemicals. The inventor may transfer the patent to another person—many patents go to companies that have obtained an assignment from an employee who is the inventor.

Patents provide valuable protection. If another company infringes upon your patent, you can obtain money damages and an injunction to prevent the infringer from continuing to use the patented invention.

You should seek the advice and counsel of your lawyer to avoid losing your rights to inventions. Your lawyer can guide you through the complicated process of obtaining a patent which often takes more than one year to complete.

Your lawyer can help you prepare a form of invention agreement to be signed by company employees if they are likely to develop ideas or inventions in the course of their employment. These agreements can obligate employees to assign their patent rights to the company and to assist with the patent application process.

### Conclusion

A company's intellectual property (trade secrets, business names, trademarks, service marks, and inventions) should be protected as carefully as its equipment or real estate. Your lawyer can help your company secure this protection, stop infringement, and recover money damages from any who violate your intellectual property rights.

### Intellectual Property Checklist

| Description              | Patent Protection | Trade Secret Protection | Trademarks, Service Marks & Business Names | Copyright Protection |
|--------------------------|-------------------|-------------------------|--|----------------------|
| Advertisements (printed) |                   |                         | x  | x                    |
| Advertising slogans      |                   |                         | x  |                      |

|                              |   |   |   |   |
|------------------------------|---|---|---|---|
| Advertising symbols          |   |   | x |   |
| Audio recordings             |   |   |   | x |
| Chemical formulas            | x | x |   |   |
| Computer software            |   | x |   | x |
| Customer lists               |   | x |   |   |
| Designs                      | x | x |   |   |
| Electrical devices           | x |   |   |   |
| Formulas                     | x | x |   |   |
| Machines                     | x |   |   |   |
| Manuals                      |   |   |   | x |
| Manufacturing processes      | x | x |   |   |
| Mechanical devices           | x |   |   |   |
| Names of companies           |   |   | x |   |
| Names of products & services |   |   | x |   |
| Optical devices              | x |   |   |   |
| Packaging                    |   |   | x | x |
| Video recordings             |   |   |   | x |

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