

## LEGAL INFO

### LEGAL MEMORANDUM\*

*By*

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*The Ten Commandments for Protecting Your Million-Dollar Idea*

The following sets forth some legal points you need to know. It has been my experience that the more a client knows about Intellectual Property Law, the greater the likelihood that his or her rights will be upheld if tested in court.

#### • Patents

In most situations you should file a patent application before disclosing your invention. In general, you should do not disclose any invention, trade secret, important data, marketing information, or commercially valuable idea without having a written and signed non-disclosure agreement. It is also important to keep good records of what you did and when you did it. A journal witnessed and dated by someone you trust who would make a good witness may someday make the difference between winning or losing in court. Take photographs of models and prototypes and have these witnessed and dated. A video may be invaluable, so make one if possible. Witnesses should not be joint inventors and they should sign a non-disclosure agreement. Under United States patent law a patent application must be filed within one year after the first **public use** of the invention, first to **offer** sell the invention, or first **publication** describing the invention. **Warning!** An inventor having a **prototype built** may be an offer to sell the invention. A patent based on an application file after this one-year grace period is **invalid**.

The patent application is a legal document that discloses your invention, the best way of making and using your invention, and ends in one or more claims defining what your invention is. The claims are the heart of the patent and are used in court proceedings to determine infringement. The Patent Office requires that the claims define your invention in terms that distinguishes it

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from the prior art. You need to ***read the application carefully*** before you sign a Declaration accompanying the application. The Declaration is a sworn document in which you state under penalty of perjury that you have complied with the requirements of the patent law, you believe you are an inventor, and you are entitled to the patent.

Under United States patent law an inventor, or his or her assignee, is required to disclose to the Patent Office any ***material information*** that bears on the issue of patentability. Consequently, all prior art of that you know of, or other factors bearing on the patentability of your invention, must be disclosed promptly. It is good practice, if required, to submit to the Patent Office an Information Disclosure Statement shortly after the patent application is filed. IF, AT ANY TIME PRIOR TO THE ISSUANCE OF THE UNITED STATES PATENT, ANY MATERIAL INFORMATION COMES TO YOUR ATTENTION, IT MUST BE DISCLOSED TO THE PATENT OFFICE.

After a patent application is filed, an examiner at the Patent Office will conduct a search of relevant patents and other publications to determine if the claims of the application define a non-obvious invention. Usually, the examiner issues an office action rejecting all or some of the claims based on patents and publications uncovered. It is then necessary to respond to this office action. In most instances it is possible to amend the claims and define the invention in terms that are acceptable to the examiner. Sometimes, however, an appeal is necessary, and sometimes the application is abandoned, because the objections of the examiner cannot be overcome. On the other hand, when the claims are allowed, an issue fee is then paid to the Patent Office. The term of a United States patent is twenty years from the filing date of the utility application, provided maintenance fees are paid on time.

Small entities pay reduced official fees. Individual inventors, small businesses, and non-profit organizations qualify as small entities, provided that they have not, or are not under an obligation to, transferred rights in the invention to someone that does not qualify as a small entity. A small business is one whose number of employees, including those of its affiliates, does not exceed 500 persons. Companies are affiliates of each other when either, directly or indirectly, one company controls or has the power to control both. At the time the patent application is filed, you should confirm your status as a small entity. If your status changes at any time, even after the patent issues, thereafter the non-reduced official fees must be paid. FAILURE TO NOTIFY THE PATENT OFFICE OF A CHANGE IN STATUS COULD RENDER YOUR PATENT

UNENFORCEABLE.

### *Publication of Patent Applications*

United States patent applications filed after November 29, 2000, are published unless they are provisional applications or they are utility applications that are not to be filed abroad and you specifically request **at the time of filing** that the application not be published. If the claims of a published application are infringed prior to the grant of a patent, there is liability provided the infringer has actual notice of the published application and the claims of the issued patent are substantially identical to the claims in the published application. Infringers are liable for a reasonable royalty in such cases.

### *International Patents*

In order to obtain patent protection outside the United States it will be necessary to file patent applications in those countries where you desire coverage. Under many foreign patent laws a non-confidential disclosure of the invention bars obtaining a valid patent. Consequently, if your invention was sold in the United States or disclosed to the public, for example in an advertisement, a bar may exist to obtaining valid patents in many foreign countries. Every such possible bar situation must be analyzed individually, depending on the country where the patent is sought. For example, a prior publication anywhere in the world disclosing your invention bars obtaining a valid patent in Japan, but a prior public use of an invention is only a bar if it occurs in Japan.

A treaty commonly referred to as the Paris International Convention governs filing patent applications abroad. The United States and most industrialized nations adhere to this treaty. According to the Paris International Convention, if a patent application is filed in a country adhering to the treaty within **one year** of the filing date of the United States patent application, only prior art with a date after the filing date of the United States filing date will be considered. Such countries as Taiwan and some developing countries do not adhere to the Paris International Convention. If you are interested in obtaining patent coverage in such countries, usually a patent application must be filed in that country before there is any public disclosure or public use of the invention.

There also is an international patent application that defers filing in individual countries for thirty months after the filing date of your United States patent

application. You may file such an international patent application as your first filed application, designating the United States and other countries in which you desire patent coverage, or file an international patent application within one year after filing the United States application. If you first file in the United States, the international patent application must be filed within **one year** of the United States patent application.

- **Trademarks**

In the United States it is actual use that ultimately establishes trademark rights, but registration is important to prove ownership and guarantee certain rights under the Federal trademark laws. Applications for registration of trademarks under Federal trademark law may be made if the applicant has a bona fide good faith intent to use the mark in interstate or international commerce. It is advisable to conduct a trademark search before adopting a trademark and filing an application to register a mark. Trademark applications are open to the public for inspection, and frequently trademark owners monitor proceedings in the Trademark Office. The Trademark Office conducts an examination to determine, among other things, if a prior register mark is so similar to the mark sought to be registered that confusion is likely. If the Trademark Office determines that a mark can be registered, the mark is published so that any interested person may object to the registration. It is even possible to cancel a registered mark for certain reasons. When the mark is registered, use the ® next to the mark. Failure to do so could result in loss of damages. **DO NOT USE THE ® BEFORE REGISTRATION HAS BEEN COMPLETED.** After a trademark is registered, it is necessary to prove actual use to maintain or renew the registration. The law requires a affidavit of use between the fifth and sixth years, and the registration must be renewed every ten (10) years.

### *International Trademarks*

Under the Paris International Convention, if a trademark application is filed in a country adhering to the treaty within **six (6) months** of the filing date of the United States trademark application, the foreign trademark application is given an effective filing date the same as the filing date of the United States trademark application. In many foreign countries actual use may not be critical. Rather, it is the registration that establishes the trademark rights. In many foreign countries you must register your trademark before you have any rights to it. **Therefore, we urge you to review carefully the countries in which you are doing significant business. It may be advisable to file**

***foreign applications for registration of important marks if you are planning to do business in the near future in foreign countries.***

- **Copyrights**

Copyrights cover certain types of creative works such as books, music, videos, audio tapes, computer programs, paintings, plays, sculptures etc. The author is the owner of the copyright unless the author was hired create the work. It is always best to have a written agreement if there is a possibility that a work is being created by someone on your behalf. The author obtains the copyright as soon as he or she fixes the work in a tangible medium of expression. For example, records it on a video or audio tape, types a manuscript, paints a picture, etc. A copyright only prevents copying the "form of expression" of your idea, not the idea itself. In the United States, in order to obtain statutory damages or other benefits under the copyright laws, ***you should place a copyright notice*** on each copy of the work and register the work promptly (deposit with the Copyright Office within three months of publication) by submitting it to the Register of Copyrights with the fee and correct application form. The copyright notice is, for example: © **John Author 2003**.

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