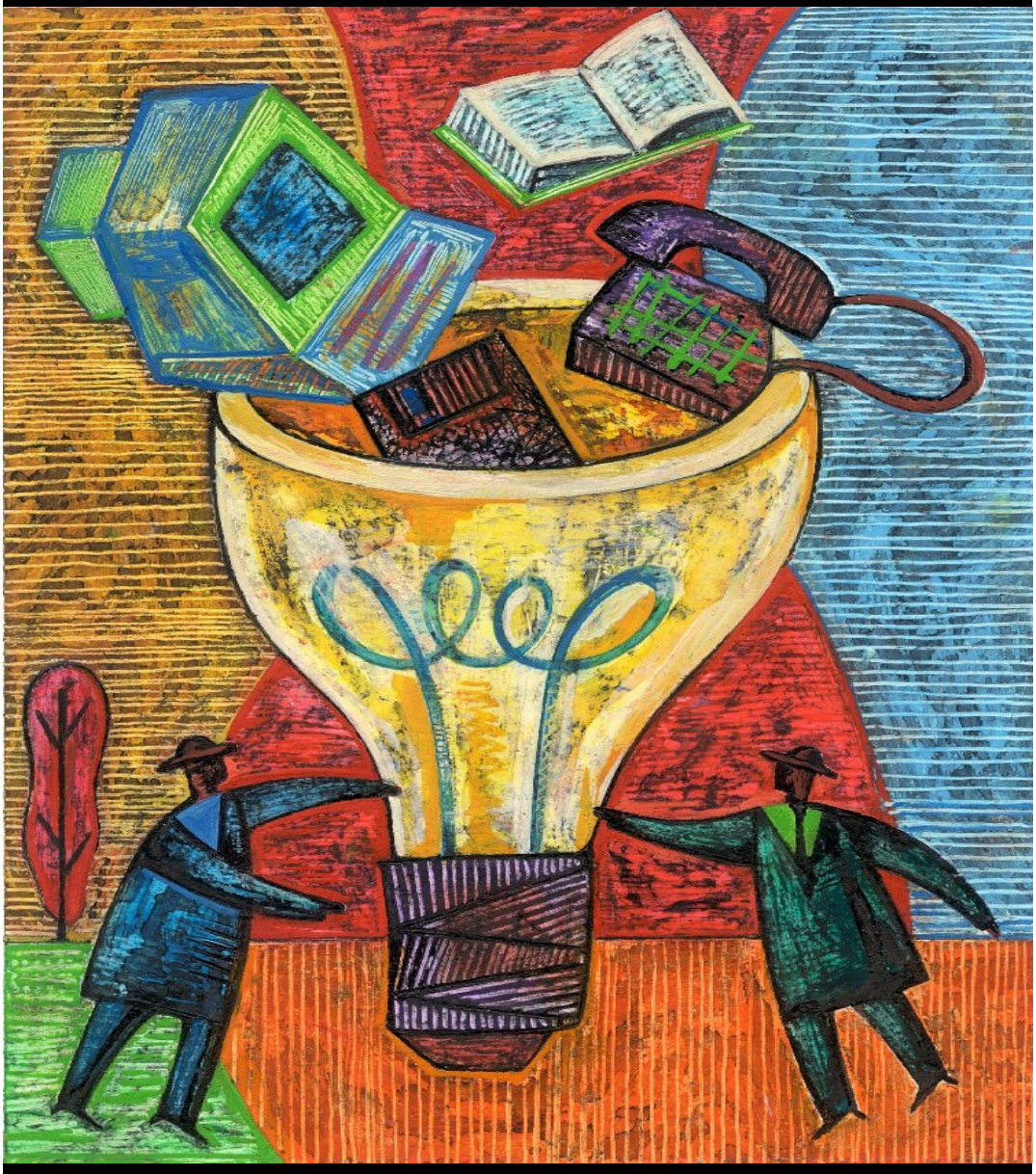
Patents, Trademarks, Copyrights & Trade Secrets

What You Need To Know



Wendy Buskop, J.D.

Patents, Trademarks, Copyrights & Trade Secrets

What You Need To Know

By Wendy Buskop, J.D.
Managing Patent Attorney
The Buskop Law Group
Patents & Trademarks
Houston, Texas
www.BuskopLaw.com

Patents, Trademarks Copyrights and Trade Secrets:
What You Need To Know

4511 Dacoma Street
Houston, Texas 77092

Printed in the United States of America
ISBN

Notice

The information presented in this publication is for the general education of the reader. Because neither the author nor the publisher have any control over the use of the information by the reader, both the author and publisher disclaim any and all liability of any kind arising out of such use. The reader is expected to exercise sound professional judgment in using any of the information presented in a particular application. Additionally, neither the author nor the publisher have investigated or considered the affect of any patents on the ability of the reader to use any of the information in a particular application. The reader is responsible for reviewing any possible patents that may affect any particular use of the information presented. Any references to commercial products in the work are cited as examples only. Neither the author nor the publisher endorses any referenced commercial product. Any trademarks or trade names referenced belong to the respective owner of the mark or name. Neither the author nor the publisher makes any representation regarding the availability of any referenced commercial product at any time. The manufacturer's instruction on use of any commercial product must be followed at all times, even if in conflict with the information in this publication.

This book's non-legal style provides easy-to-read guidelines for automation professionals, manufacturers, and business owners who need to protect their ideas and inventions as assets or understand better how to respect the Intellectual Property rights of others. Equipment, tools, software, chemical formulations, connectors, controllers, sensors, pumps, engines and their components and other related devices are likely the intellectual property of the individual, company or group who created them.

The author, a licensed U.S. patent attorney, emphasizes how to obtain and use patents, trademarks and copyrights, and maintain trade secrets by identifying those assets as Intellectual Property. She provides useful tips and practical insight on obtaining and maintaining property. She also highlights the use, sale, protection and transfer of Intellectual Property for those who have identified or have pending patents, marks, copyrights and trade secrets. Numerous scenarios illustrate what can happen when an individual, a company, a group or another business form does not take the proper steps to protect the property.

This books also highlights the following areas:

- U.S., State and Foreign Trademarks
- Benefits of having a patent, trademark or copyright
- Protection of Intellectual Property
- What is theft and illegal use of Intellectual Property
- How you can use Intellectual Property as an asset or advantage
- Agreement, licensing transfers, assignments and the sale of Intellectual Property
- Protection from employees and independent contractors

This book is in honor of:

Jacqueline Buskop, who has one patent and has filed a second application on her great ideas;

Charles Breuninger, who has had many inventions since the two part epoxy mix in the parallel syringes for fixing fiberglass cracks in boats and the syringes with oil for easy and tidy delivery of oil for his model trains;

Virginia Breuninger, who invented many clever fixes for things and is a terrific mother;

Evan Bauman, who holds two patents and didn't even try to invent anything;

Frank Johnston, who always thought I could write;

Kay Johnston, who believes in books;

Ruth Gernhart and Sarah Gernhart for their constant support;

Special Thanks

The author wishes to thank tax attorney James Mulder and patent attorney Nelson Blish for assistance in the substantive writing of this book.

Table Of Contents

Wendy Buskop J.D.
Managing Patent Attorney
Buskop Law Group
Patents & Trademarks
Houston, Texas

About the Author

Ms. Buskop has written and/or supervised thousands of patent cases including technologies for NASA contractors and technologies used on the Space Shuttle. Since drafting her first case in 1980, she has worked on various technologies, successfully attained more than $1.3 million of trade secret licenses during a one year period for an individual client. She has negotiated sales and licenses of technologies from $1.5 million for a single heat treating and welding methodology to single projects valued at over $100 million.

Her experience includes preparing and negotiating patent licenses, know-how licenses, facilities engineering, design contracts, technology development agreements, and trademark applications. She has created and implemented numerous programs for Fortune 500 companies.

Ms. Buskop is licensed to practice before the United State Patent Office, the U.S. Supreme Court, and the states of Texas and Michigan. She has received her Juris Doctorate from Franklin Pierce Law Center, New Hampshire and her B.A. and M.A.L.S. from Wesleyan University, Middletown, CT.

Ms. Buskop is a published author and speaks regularly on related intellectual property topics. She offers frequent seminars on such topics as Introduction to Intellectual Property, Intellectual Property Protection for Non-Specialist, Patents and Trademarks, and Introduction to Managing a Patent Portfolio. The Buskop Law Group—Patents and Trademarks is located in Houston, Texas.

Introduction

This book is designed to provide descriptions of each of the basic forms of Intellectual Property in a somewhat fun and entertaining format.

Intellectual Property law is constantly changing with new theories and defenses developed by various federal, district and state courts, as well as the legislature. Whether you're a business owner, automation professional, or manufacturer, this book provides a how-to approach and covers the basics about protecting your investments with patents, trademarks, trade secrets and copyrights.

Intellectual property is protected by the federal laws for patents and copyrights, by the federal and state laws for trademarks, and the state laws on trade secrets.

Intended to act as a primer, this book explains the mechanics of the various types of Intellectual Property within the context of the system that provides these rights to individuals and companies from a United States-originating viewpoint.

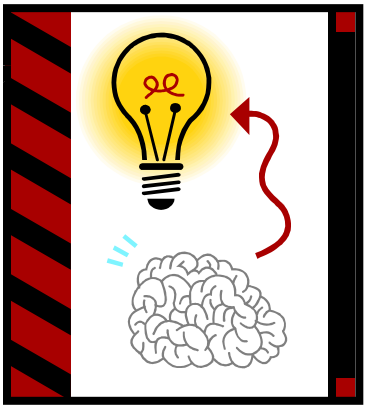
Easy-to-read guidelines will emphasize how to protect your ideas and inventions as assets or understand better how to respect the Intellectual Property rights of others. Equipment, tolls, software, chemical formulations, connectors, controllers, sensors, pumps, engines, their components, and other related devices are likely the intellectual property of the individual, company or group that created them.

Most importantly, you will learn how to obtain and use patents, trademarks, copyrights, and maintain trade secrets by indentifying those assets as Intellectual Property.

This handy reference guide contains useful tips and practical insight on obtaining and maintaining property. Is also highlights the use, sale, protection and transfer of Intellectual Property for those who have identified or have pending patents, marks, copyrights and trade secrets.

Chapter 1

What Is Intellectual Property?



Intellectual Property is a right, like a property right, to discoveries and works of authorship that was granted in the United States Constitution in Article 1, Section 8.

The United States Constitution

Article 1, Section 8
(the patent and copyright clause) reads:

> 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.

Intellectual Property is the right to exclude others from making, using, selling or offering to sell a discovery (also known as “an invention”) or a work of authorship (also known as “a copyrightable work”).

An Exclusionary Right

Exclusion is a right that in and of itself does not entitle the owner to do the protected activity. Surprisingly, this means an owner of a patent can stop others from using the owner’s intellectual property, but in using the property, the owner may still infringe someone else’s property.

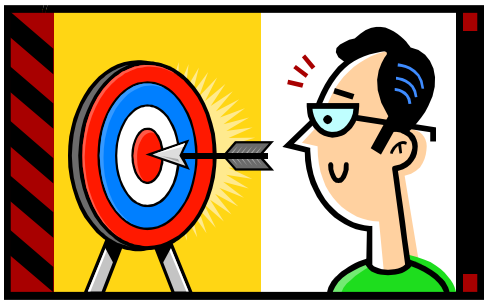
As an owner of intellectual property, the owner should (1) remember the owner has enforcement rights, but also (2) that the owner is not guaranteed that their property does not infringe someone else’s right.

Owners often search and stay updated on the property rights of others which are similar to their rights.

The definition of Intellectual Property in the Constitution of the United States has been expanded since 1789 and now includes trademarks and trade secrets. The protection of inventions and works of authorship remains a federal protection; trademarks can be federal trademarks or state trademarks; trade secrets are a matter of the laws of the individual states.

Chapter 2

The Goal of Intellectual Property - Innovation & Examples of IP



Congress intended for intellectual property to promote innovation and progress. Intellectual property drove the Industrial Revolution.

Intellectual property drives Microsoft ™ and other large companies.

Intellectual property protects an owner's legitimate and reasonable right to the owner's inventions, ideas and good will by giving a limited monopoly on the creation for a set period of time. However, the exception is trademarks, in which a right will continue forever if the trademark is continually used by the owner.

Intellectual Property is assignable and transferable

Intellectual Property, like real estate, can be bought, sold, assigned, transferred, licensed, bequeathed, escrowed, placed into trusts, and subjected to most of the same transfers permitted for real estate.

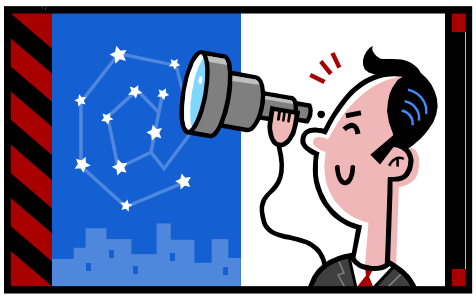
Intellectual Property, like real estate, can be owned by one person, by a company, by two or more individuals, by two or more businesses, by both individuals and a business, or by other entities that are created by law.

Intellectual Property is generally “positive stuff” - the ideas, new logos, new concepts and new works by authors that enrich our lives.

Intellectual Property rights were created so that the results of effort, both in time and money, spent by the creators or a current owner could not be copied and used by someone else without permission (in the form of a fee payment, typically).

Chapter 3

Examples of Discoveries... "Inventions" & "Ownership of Inventions"



Inventions

An invention can be a method for metering or measuring (e.g., a remote terminal unit).

An invention can be a gadget for doing a task (e.g., a hydraulic wrench).

An invention can be a system for doing a task (e.g., a wind farm with solar collectors for generating power).

An invention can be a business method that does something new (e.g., a method to manage change in an organization that acquired another company).

An invention can be a process for manufacturing something (e.g., a method for making car parts using smart pallets that communicate with client devices using two networks and two simultaneous gateways).

An invention can be a method for using an existing device in a new way, providing a new benefit (e.g., a method for measuring sales of an organization that can be used to measure customer traffic through a store).

An invention can be a composition (e.g., an arthritis formulation for old people to put on their hands to minimize pain, or a type of paint or a coating that reduces static electricity shocks).

An invention can be a computer program (e.g., computer instructions that help you compute annual taxes).

How to Obtain Rights to an Invention

The right to an invention is obtained by the inventor undertaking some specific steps.

An inventor must:

1.) Describe the invention in a patent application,

2.) File the patent application with the federal government, and

3.) Pay the filing fee.

If a business organization or a person that is not the inventor desires to own an invention, a written assignment for the invention must occur from the inventor to the new owner*.

*Written assignments transferring ownership must be recorded at the United States Patent & Trademarks Office.

In the U.S. all inventions are owned by their respective inventors unless the inventor has transferred the invention to a company or other individual with a written employment agreement or similar agreement, like a secrecy agreement, or by signing an assignment document used by the U.S. Patent and Trademark Office.

Steps to Register the Invention at the United States Patent & Trademark Office

To register an invention as a patent the inventor or a company owning the technology must:

1.) Make a filing at the United States Patent and Trademark Office (USPTO) either on-line at www.USPTO.gov, or by mail to the USPTO offices in Alexandria, Virginia, and provide:

- The names of each inventor of the discovery;
- A description of the discovery with at least one example in enough detail to enable the invention to be "practiced by someone skilled in the art to which the invention pertains";
- The filing fee to the government, which at the time of this writing could be a small entity fee of less than $600 or a large entity fee of over $1000. A "large entity" is an organization having more than 500 employees; and
- In the case of a utility filing, an oath or declaration about the inventor and drawings, if needed, to describe the invention.

2.) Respond to the Office Action (one or more rejections) from the USPTO after examination;

3.) Receive Notice of Allowance from the USPTO and respond to it; and

4.) Pay the patent issuance fee to the USPTO.

Generally, a response to a rejection will cost anywhere from $3000 to $6000 in attorney fees after the initial filing.

Following through from filing until a patent issues is a process that can take from two to eight years.

The issued patent is then valid for 20 years from the date of filing if maintenance fees are paid three times during the term of the patent.

Chapter 4

What Makes an Invention Patentable?

To be patentable, an invention must be:

1.) "Useful",

2.) "New" or "Novel", and

3.) "Non-Obvious"

These terms are defined by Section 35 of the United States Code (U.S.C.). An invention must meet all three criteria to be patentable.

Useful

To be useful an invention must meet the requirements of 35 U.S.C. Section 101-the invention must "do" something. The invention can be a method for doing business to be useful. Example of useful inventions include software, meters, motors, modeling devices, improvements to useful devices, such as a safety device for a power saw, use of chaos theory in packing, new ways of assembling wind towers, and the like.

New or Novel

To be new or novel**,** an invention must meet the requirements of 35 U.S.C. Section 102 -that the invention was not in public use, disclosed to members of the public, commercially used, or offered for sale to the public, more than one year prior to the filing date of the invention.

Examples of activities that have prevented filing a patent on the exact invention disclosed because it was no longer "novel" include:

- Describing the invention in an abstract submitted to a professional association (e.g. at an ISA meeting) more than one year before the filing date;
- Sending out a two-paragraph press release, then filing the invention more than one year after the press release;
- Inviting the press to view a demonstration of the unit, and then trying to file on the unit more than one year later;
- Having a prototype at a trade show, like the annual ISA EXPO, and then trying to patent the prototype more than one year later; and
- Making a proposal to a client, and then trying to file a patent on the invention more than one year later.

Non-Obvious

To be non-obvious an invention must meet the requirements of 35 U.S.C. Section 103—that the invention must not have "been obvious" to someone skilled in the art to which the invention pertains.

Non-obviousness is really a standard for the patent attorney to determine. Most engineers and scientists are not qualified to make a determination on what is considered "non-obvious."

If an invention is not patentable because it does not meet the definitions of new, useful, and non-obvious, the invention may be kept and maintained as a trade secret.

Chapter 5

Examples of Works of Authorship... "Copyrightable Work"

A federal copyright applies to works of authorship that are "expressions". Expressions include books, computer programs, manuals, advertisements, drawings and any expression fixed in a media.

The copyright owner has the exclusive right to copy, publish, perform, broadcast, sell, license, import, and prepare derivative works of the expression.

Protecting a "Copyrightable Work"

A copyrightable work is protected by registering the work with the Library of Congress in Washington, D.C. or online at www.copyright.gov. The work generally registers in about 9 months, and the protection afforded by the registration last for 70 years plus the life of the author, or 100 years if the author is a corporation.

Obtaining Rights to a "copyrightable work"

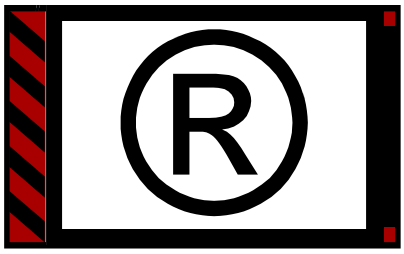
The right to a work of authorship occurs when the author creates it, and the author, by employment agreement or assignment agreement, may transfer the author's rights to the copyright from the author to another party.

An author is not required to register the work with the Library of Congress, but three rights against infringers are obtained by paying the 2008 $45 fee, filing the application, and making a deposit of the copyrightable work.

- A jail sentence of one to five years,
- Damages between $25,000 and $250,000 without having to prove damages, and
- Attorney fees to enforce the rights of the copyright owner.

Chapter 6

Examples of Trademarks



A trademark can be a name for a good or service, such as Shell™ for gasoline.

A trademark can be a logo associated with a good or service, such as the “swoosh” for Nike™ associated with shoes.

A trademark can be a color associated with a good or service, such as the color blue for Continental Airlines.

A trademark can be a slogan associated with a good or service, such as “Saves you Money”.

A trademark can be a sound, such as the Intel Inside sound sequence.

A trademark can be a shape associated with a good, such as the Coca-Cola® bottle.

Trademarks can be filed federally or with individual states. For example, there can be a State trademark in Texas for AutoSolutions™ and a Federal Trademark for the same name, “AutoSolutions”, for software related to remote terminal units.

Trademarks, if filed federally, have a monopoly for 10 years, and are renewable upon payment of a fee to the Federal Government and proof of use. Trademarks are renewable without limitation.

More Specifically:
A name is a trademark. “Bee Gone” - for honey dipped potato chips.

A slogan is a trademark. “Bee Gone Before You Know It” for the honey dipped potato chips

A picture is a trademark, called a “logo mark***”.*** For “Bee Gone” potato chips:

Trademarks are for goods - such as food - or services - such as a design graphics service or a change management consulting company service.

Who may file an application?

Only the owner of the trademark may file an application for its registration. For example, the owner of Bee Gone Foods must submit the trademark application and sign the required oath.
An application filed by a person who is not the owner of the mark will be deemed void. The public relations firm for Bee Gone Foods can not file on the mark.

Generally, the person who uses or controls the use of the mark, and controls the nature and quality of the goods to which it is affixed, or the services for which it is used, is the owner of the mark.

What are the benefits of a federal trademark registration?

- Evidence of ownership of the trademark.
- Federal court jurisdiction
- Leverage to prevent others from claiming “Trademark Infringement”
- Improves asset value
- Owner can request customs enforcement of the trademark

Should a Name or Mark be searched before use?

Yes. Searches may be conducted free of charge by the general public on the USPTO website www.USPTO.gov.

What is a Specimen and is it needed for filing?

A specimen is a real-world example of how the mark is actually used on the goods or in the offer of services.

Labels, tags, or containers for the goods are considered to be acceptable specimens of use for a trademark.

Federal trademarks can be filed without specimens as “Intent to Use” applications if the company has not actually used the mark within interstate commerce. Interstate use is the sale or transfer of products or the rendering of services over state lines or national boundaries.

However, if use of the mark has occurred in interstate commerce (i.e. an interstate sale has occurred and money has changed hands), then a specimen exists and an “Actual Use” application must be filed, which requires specimens.

Service Mark Specimens

For a service mark, specimens may be advertising, such as magazine advertisements or brochures.

In the case of a service mark, the specimens must either show the mark and include some clear reference to the type of services rendered under the mark, or show the mark as it is used in the rendering of the service.

For example, use of the mark on a store front or on the side of a delivery or service truck is an acceptable specimen.

Protecting a Trademark: logo marks, certification marks, association marks, service marks, colors, and sounds

A trademark can be protected with a filing that requires an application, a fee, and a specimen.

Only an applicant with “a bona-fide intention to use the trademark associated with a specific good or service” is entitled to file and receive the registered monopoly for a trademark.

As of 2007, there are 45 classes of trademarks, so one filing does not cover all goods or services of a company.

To obtain a trademark, the owner of the trademark must file an application with the USPTO, provide a statement as to the scope of the service or good associated with the mark, and provide a copy or actual specimen

showing the use of the trademark in association with the good or service. The specimen can be a label or an advertisement, but is never a business card, unless there is additional writing on the business card and the mark is for a service.

The United States Patent and Trademark Office requires a fee to file. The application is examined and typically rejected. The individual or company's attorney will need to submit the appropriate forms and documentation to "cure" the rejected application, also called an Office Action. Once the application is determined by the government to not be

1.) descriptive, or

2.) likely to be confused with someone else's mark through phonetic equivalence, misspelling, or some other way, then the mark will typically publish and be registered shortly thereafter.

The process is similar for a state registration of a state trademark.

Chapter 7

Trade Secrets & Secrecy Agreements

A trade secret is a secret which gives the owner a commercial advantage.

A trade secret can be a method for repairing a device.

A trade secret can be a chemical formulation.

A trade secret can be anything that might have been patentable but is outside the time period of being "novel."

Protecting a Trade Secret

A trade secret is protected according to state law, usually using secrecy agreements which are also referred to as “non-disclosure agreements”.

Be aware, large car manufacturers and other large publically traded companies often present “non-confidentiality agreements”, which are not secrecy agreements and are the opposite of “non-disclosure agreements”.

These “non-confidentiality agreements” are designed to have a small company sign that anything told to the large company is specifically NOT a trade secret. They often look a lot like a secrecy agreement, but for the “non” language carefully inserted.

Be aware, be very aware.

Secrecy Agreements help protect trade secrets

Secrecy Agreements typically have the following terms:

- The names and addresses of the parties to the agreement
- An indication of which party is disclosing information and which party is receiving information
- The purpose of the agreement – what disclosure is occurring?
- The term of the agreement – the number of years or months
- The scope of the disclosure – what subject matter is being disclosed - and a list of items, such as flow charts, diagrams, manuals, prototypes, code, and business information could be in the scope
- A non-use statement – that the information being disclosed may not be used by the receiving party for any reason except for the purpose of the agreement
- An assignment clause concerning whether the agreement is transferable
- Consideration or compensation for the agreement
- An effective date – start date of the agreement
- A signature line with date for each party to sign.

Secrecy Agreements - three flavors…chocolate, vanilla, and strawberry!

Not all secrecy agreements are the same.

There are three basic types:

1. One-way, from the owner of the secret to another party.
2. One-way, from another party to the owner of the secret.
3. Two-way agreements.

Each secrecy agreement has a different length of protection.

Each secrecy agreement has a different scope of coverage.

All secrecy agreements should have non-use clauses.

Be aware that a "one size" secrecy agreement does not fit all situations.

Definition of a Trade Secret

A trade secret is defined as a secret that gives the owner a commercial advantage over a competitor. A trade secret is like the recipe to Coca-Cola®, the soft drink, and can be maintained for-ever.

Besides using secrecy agreements, owners of trade secrets must take provable steps to show that they are actually trying to protect the trade secret.

Additional provable steps have been highly litigated. Some of the steps that have been found "sound" by judges include:

- Using passwords on computers, such as a user name and password;
- Using Visitor badges for visitors to the owner's facility, such as the stick-on adhesive paper badges on which the visitor's name can be written;

- Using a Visitor Log to track all visitors to the owner's facility, such as a bound book with lines into which visitors write their name, their company, the address or city of the company, the name of the person they are planning to visit, their time into the facility, and their time out;

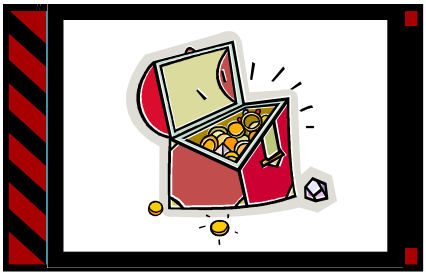
- Using locking filing cabinets and locking rooms for secure materials, such as the kind that lock with keys (while the keys have only a few copies), and a procedure is written into the employee handbook about controlling key copies and locking the rooms and files nightly;

- Using security guards and using gated entries, such as a card-controlled gates, and "Guards" can be television cameras that monitor access, so long as an employee can watch the images from a website, and at least one employee has a job description to review and monitor the television access; and/or

- Controlling access to the owner's facility with card keys or biometric locks, such as door locks with finger-print keys, smart card keys with employee personal information, or the like.

Chapter 8

Five Financial Reasons to Identify & Register Intellectual Property



1.) Intellectual Property is an Asset – like real estate or machinery

Intellectual property is an asset that can be valued. It can be valued at $10.00, $1,000,000, or more.

Intellectual property is the grant from the U.S. Federal Government, in the case of patents, for the exclusive right for 20 years from filing in most cases, to prevent others from making, using, selling, or offering to sell the patented process, composition, or an article. The term of the monopoly can be extended for certain pharmaceutical products and processes. Generally, the period of time is not extendable and not renewable.

The patent monopoly can be, for example, a monopoly on a hydraulic wrench as an issued U.S. utility patent. The wrench can be owned by a company in California that has only one owner. The owner may have licensed a small company in Florida to manufacture and sell a small version of the hydraulic wrench that is patented, while keeping the rights to making the larger version. The license might be for $10 per wrench or it could be for a running royalty, such as 10% of net sales of the mini-wrench.

The license enables an accountant to value Intellectual Property to increase the valuation of the patent, which is solely based on use by the company in California to include a future value of the license for the term of the patent to the Florida company, plus increase the value of the patent based on the California company's expected increase in market share based on past performance. The patent could be licensed to others as a component of that increase in market share.

Intellectual Property assets can be transferred

The patent monopoly can be assigned, transferred, sold, bartered, or conveyed by will or gift.

The patent can be transferred by written assignment to another company. It can be gifted away by written assignment. It can be noted in a will and inherited by a child. A patent can be sold for a certain sum payable all at once or over time. A patent can be bartered for another good or service, just like a car, or other tangible article.

Patents are considered intangible property.

Trademarks, like patents, are intangible property.

The U.S. Federal Government, in the case of trademarks, provides a grant for a limited time, generally 5 years initially, then 5 more years, then for continual ten-year increments, to prevent others from selling products or services with the same registered name, logo, slogan, color, sound, or even smell, provided the product or services is within the "scope" of goods or services that are registered. The federal trademark right is renewable.

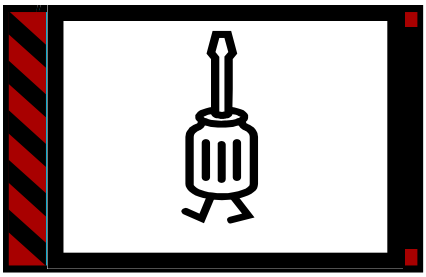
As with a patent, a federal trademark can be licensed to others. Trademarks can increase in value based on the goodwill developed by the company in association with the sale of the associated good or associated service.

Similarly, registered state trademarks can be used as valuable assets for a company, like a piece of equipment, or a group of account receivables.

Intellectual Property Assets Can be Valued

These two different monopoly rights, patents for inventions and trademarks for names, logos, and slogans, can be valued easily. Companies like Grant Thorton prepare Intellectual Property valuations, not only of patents and trademarks, but of copyright portfolios and trade secret portfolios. If any of the Intellectual Property rights are licensed to another person the valuation tends to be significantly larger.

As a rule of thumb, a normal manufacturing company that has existed for about six years and creates products or services to sell, other than "custom services", will find the asset value of their portfolio may have raised the value of the company as much as 2 to 17 percent. It is therefore extremely important that a company have a periodic valuation of its Intellectual Property portfolio.



2.) Intellectual Property is a Marketing Tool

Intellectual Property filings, particularly for patents, can be used to improve the market awareness of the company.

Intellectual Property Indicates "New and Improved" to Customers

When a company files a patent application it is an excuse to advise current customers, prospective customers and even competitors that the company has something "new" and "different", and probably better than what is already available in the market.

Intellectual Property can Increase Wall Street's Awareness of the Company

Besides use as a blatant advertising tool, a patent application can be used to increase awareness of a company by Wall Street and other investors who otherwise may not have noticed the company even existed.

For example, Priceline™ obtained a lot more recognition on Wall Street when it revealed pending and issued patents on its reverse auction process, than before that event when it was simply advertising itself as a unique travel service.

Intellectual Property can Improve the Reputation of the Company for Innovation

Every time a company files for a patent (i.e. every time a company or an individual files a patent application) a press release can be generated for release to trade journals. For example, when a boat builder files for a patent application on a new type of shark jaws they can send a press release to "Workboat".

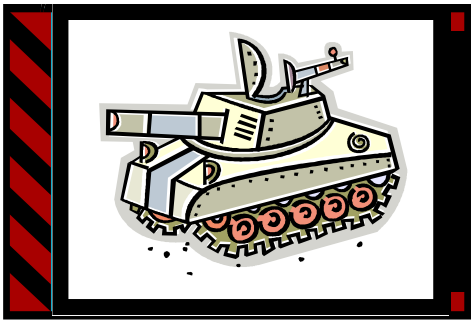
As another example, when a meter manufacturer files for a patent application on a new meter they can submit an abstract for inclusion in the next ISA annual meeting to discuss features of metering, thus, their chances of being considered may increase if the pending patent application is mentioned.

A patent application is an excuse for sending in an editorial such as for the BIC™ newspapers. A patent application is an excuse for writing a white paper to be offered at a symposium or working group meeting of the business.

Patent applications and issued patents can be used by a company or even by an individual to increase credibility. For unknown reasons, there is a perception that if a patent application is on file, the invention or improvement must be "real" and "actually work".

This viewpoint may be due to the law that requires patentable inventions to be:

Useful,
New or Novel, and
Non-obvious.



3.) Intellectual Property Can Be Used to Defend Market Share – It's a Weapon

Patents and trademarks provide a stake in the ground for the owners indicating that a discovery and the name, logo, or slogan used to promote that discovery belong to the owner.

However, be aware that one patent and one trademark usually are not enough to defend market share. A patent and a trademark defend market share not like a shield, but like a gun with one bullet.

A Patent is a Powerful Weapon

One patent is one bullet in a gun. One patent is one arrow in a quiver. Unless the owner is a good shot the bullet can miss the target and not defend market share.

Generally, it is a good idea to have a few bullets for the gun, or a few guns to point at the competitors chewing on the market share of the owner.

How does an owner of Intellectual Property create multiple guns or multiple bullets, or place more than one arrow in the quiver?

Consider creating multiple patent applications for one invention

Multiple patent applications for one invention can increase assets and provide additional weapons to protect market share. It is completely possible to have more than one patent application for an invention. For example, a piece of software for tracking outbound calls from a ship can become the following five different patent applications:

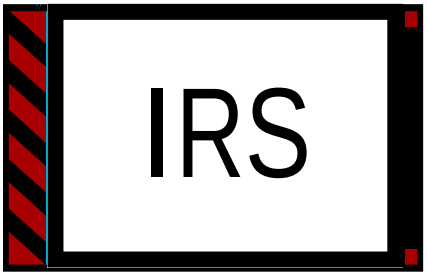
Computer instructions for tracking calls from a ship
Computer instructions for tracking calls for a fleet of ships
A method for managing calls onboard a ship
A system (that includes hardware) for managing calls from a ship
A management system for employee benefits tracking for hands on ships

A little publicized tool called the “terminal disclaimer” is a form filed by the owner that simply states to the US government that should one or more of the related cases overlap when issued, the owner agrees that the term of the related patents will all be limited to the term of the first patent to issue.

A Terminal Disclaimer costs about $200 to file and is very useful in securing patents with overlapping scope for a single owner.

One of the benefits of multiple patent applications is that multiple marketing tools are also obtained. Similarly, multiple assets are also created. And finally, it usually doesn’t cost the same for the patent attorney to create the related cases. Senior patent attorneys can typically save the client money by “stealing” language from related cases. Indeed, for the five cases mentioned above, the first case

may cost $12,000 to draft, but the second case may only cost $9,000, the third may only cost $7,000, the fourth may only cost $6,000, and the fifth may cost as little as $4,000 to draft, which is a significant savings over individual inventions which can cost between $9,000 and $15,000 each to draft.



4.) Intellectual Property helps ensure the company receives a research and development tax credit from the Internal Revenue Service.

The Research and Development (R&D) tax credit through 2007 entitled the owner of Intellectual Property to claim a tax credit of between 12% and 20%.

The research and development tax credit can be claimed for the past three years of tax returns. That is, tax returns can be amended back three years claiming the tax credit.

For companies that pay tax this can be “real money” back to the company. For small companies, such as those having $10 million a year in revenues, the R&D tax credit could mean about $300,000 in refunded money to the company.

The existence of pending patent applications and in particular issued patents, is proof that the company is entitled to the R&D tax credit.

Section 41 of the Internal Revenue Code provides a tax credit for certain research and experimental costs paid or incurred in carrying on a trade or business during a taxable year.

The research credit consists of two components. The research credit was originally enacted in 1981 and has expired 12 times. It was resurrected again late in 2006 and was set to expire at the end of 2007. However, business owners can file amended tax returns for up to three years to attempt to recover some or all of the tax credit, even if Congress does not resurrect the research credit for future years. An accountant should be consulted to determine if the research credit has been extended beyond 2007 or it has been resurrected in future years.

The research credit is derived from two separate computations:

- 20 percent of the excess of "qualified research expenses" for the taxable year over a "base amount", called the "incremental research credit" plus

- 20 percent of "basic research payments", called the "university basic research credit" made during the taxable year.

Qualified research expenses means the sum of "in-house" research expenses and "contract" research expenses that were paid for or incurred during any taxable year in carrying on any trade or business of the taxpayer.

An accountant is needed to make determinations on these costs, but it has been reported that portions of a President's or Owner's salary typically qualifies as "in-house" research expenses.

It is important to note that research and tax credits do not qualify for activities amounting to "hobbies". These activities must be associated with an actual business.

For start-up ventures with "in-house" research expenses the business requirement is typically disregarded. The research expenses qualify if the taxpayer's principal purpose in making the expenditures is to use the results of the research in the active conduct of a future business or trade.

5.) Intellectual Property can be licensed and in the process used to:

- collect industrial intelligence, and
- collect revenue from other companies, even direct competitors, through licensing.

Very clever owners of Intellectual Property have used licensing of their Intellectual Property as a device to collect industrial intelligence on their market and on their competitors.

Some owners of patents license a direct competitor the “non-exclusive” right to make and use the subject of the patent in exchange for the obvious royalty payment. This is typically a small amount in the case of the need for industrial intelligence, and for required monthly or bimonthly licensee meetings to discuss to whom the licensee is offered, the technology, reports from the prospective customers about the product or service, and suggestions to improve the technology from the licensee.

Additionally, the licensee meetings usually provide information on the status of the licensee company, such as how it is growing, new developments it is considering, partners, and alliances that may be considered. These meetings provide valuable information on the market and on product development that they would otherwise not obtain or find very difficult to obtain.

They also provide the licensee and their competitors with an edge on other competitors in the marketplace.

In addition to the industrial intelligence, licensing revenue is often also a benefit of the license agreements.

Chapter 9

Three Basic Licensing Fees

License revenue, as money, can be either on a per unit basis or on a running royalty, such as 2 percent of net sales.

Typically licensing fees have three components:

- A Technology Transfer fee due at signing the license agreement;
- A Running Royalty due monthly or quarterly; and
- A Minimum Guaranteed Royalty due monthly or quarterly.

A technology transfer fee can range from $10,000 to $500,000, or more. This is a fee requested by the licensee for the privilege of transferring the technology of the license from the head of the licensor into the heads of the licensee.

An example of a technology transfer fee:

For a unique pipe welding technology that was licensed to a first purchaser, the technology transfer fee for the first licensee was $25,000, for the second licensee it was $75,000, and for the third licensee it was $125,000.

The technology transfer fee does not have to be the same for each licensee and can vary unless the licensee has demanded a "Favored Nations" clause, which requires the licensee to be given the rates of the lowest licensee. It is best to avoid the insertion of "Favored Nations" clauses as a Licensor and insist on those clauses when a Licensee.

An example of a running royalty:

For a software program that could be licensed by facility, company division, and individual end user, setting up a running royalty program can be challenging.

Generally, a running royalty for a company is a yearly royalty paid depending on the number of sites being licensed or employees using the technology. The issue gets sticky when contractors, who are not employees of the company, can use the software, or when employees install the software both on laptops and desktop computers, when the License has only paid the Licensor for one license.

For example, a site license might run $400,000 per site with 1,200 users. A company license might run $1,000,000 for all 35,000 employees.

For smaller situations, a site license might be only $10,000 per year with 100 users, or it could be $500 for an initial payment and then $1,000 per user, with no right for one user to use the software on both a laptop and a desk top simultaneously. This ensures that two license fees would actually be paid in such a situation.

Net sales versus gross sales:

Running royalties on tools, such as meters or sensors, are computable using the gross sales price or the net sales prices of the device multiplied by an agreed upon percent. The term that is used in the license is solely based on the negotiation ability of the parties. It is usually to the Licensee's advantage to use net sales. It is typically to the Licensor's advantage to use gross sales.

Generally, if gross sales are used the running royalty does not exceed 15 percent. If net sales are used the running royalty could be a larger number, up to 25 percent.

It is important to define "net sales" if that term is used, and if the Licensor really wants to get paid. Net sales can include deductions for all kinds of costs, making the amount very small. So 25 percent of a small number is not significant.

An example of a minimum guaranteed royalty:

This fee is typically an agreed upon amount that is due per month to the Licensor, just to keep the license agreement intact, regardless of the Licensee making, using or selling anything related to the scope of the license. Licensors typically prefer to have a minimum guaranteed royalty, such as $10,000 per month, to be sure that the Licensee is serious about using the technology. Otherwise, the termination clause can be invoked and the license terminated.

Minimum guaranteed royalties are needed if the Licensor feels the Licensee is in the process of reverse engineering the technology to which the license pertains. Absent a lawsuit, this is, at least, a form of payment for the thieving. Hopefully, industrial intelligence will be adequate as part of the license to compensate for whatever bad behavior the Licensee is undertaking.

In a recent case, a fuel cell manufacturer decided to license a competitor, in a five-year agreement, for a technology transfer fee of $250,000 and a running royalty of 20 percent of net sales on all products using the licensed fuel cell technology, with a minimum running royalty of $10,000 per quarter to prevent the license agreement from terminating.

Chapter 10

Two Techniques to Identify Assets Also Known as "Inventions"

Technique Number 1:
Invention extraction experience – A 57—minute experience that is fun, identifies inventions and builds a team

- Gather a group of engineers or similar developer types in a room.
- Obtain a stack of 300 one-dollar bills and place in plain view.
- Have a stack of (100) invention disclosure forms
- Have some easy to eat, simple food – donuts, sandwiches, and bottled water.

Have an entertaining interactive patent attorney or executive of the company explain to the group, in 10 minutes or less:

1. What qualifies as an invention?
2. What is a patent?
3. Examples of “things” in the company that can be patented
4. Rules of the “Invention Extraction Experience”
    A) Attendees are to fill out the invention forms with at least a name, title, sketch, and benefit of the invention, and in exchange they get a dollar.
    B) The time limit is about 10 minutes per phase.
    C) The person with the most dollars at the end is obviously the smartest and will win another prize besides the money.

Phase 1 – Write down an invention - get a dollar (10 minutes).

Some people are stumped by this impromptu activity and can’t produce under pressure.

Some inventors produce at least 4 inventions in this 10 minute interval.

If the group is not responding well, coach them. Ask the group about the areas that they work in. Ask the group what they “fixed” recently for a customer. The “fix” could be patentable.

Phase 2 – Review types of inventions (5 minutes)

At 10 minutes, review the inventions written down thus far, so all participants understand what was written.

Some folks simply do not know what to write down until a co-worker gives an example, specific to the company.

Review again types of inventions. Use more detail in the review than what was used in Phase I. This review enables the attendees to get ideas of what to write down.

Phase 3—High value inventions. (10 minutes)
During this phase, ask only for inventions that will make the company $200,000 in the next 16 months. Each such "high value" inventor will get $5.

High value inventions are inventions that make money
Explain that "making money" is important to the company. Inventions that make money will be rewarded.

For each "high value" submission count out the five bills. Sounds silly, but counting the "reward" out-loud further stimulates the group.

High value inventions are inventions that save money
Explain that "high value" inventions can be ones that save at least $200,000 in the next 16 months for the company.

These "saving" inventions can save money in hauling waste, recycling catalyst, reusing water, water purification steps, and steps that minimize being fined by the U.S. government for some inadvertent misdeed.

Phase 4 – Discuss that the "Invention Extraction Experience" will be repeated, so they will want to keep track of these ideas. (2 minutes)
The "Invention Extraction Experience" usually works best if the attendees know what to expect.

It is helpful to tell the attendees that the company and the management team is behind this exercise and expects to repeat it in three months, six months, or whenever the company facilitators plan. This enables attendees to spread the word among other employees. This "notice" enables attendees to think about how to have more fun with the process.

Phase 5 – Identify other people in the company with neat ideas – or who should have neat ideas that are not in this room for a dollar per name. (5 Minutes)
Tell the group you are going back to $1.00 rewards because the next phase is “Really Easy”.

Ask the group to write the names down of people who are not in the room that might have an invention for the company. The prize is $1.00 per name, but the time limit is only 5 minutes.
The 5-minute time limit tends to limit the expense. Some people write 5 names in 5 minutes. Others write 10 names.

The benefit of this phase is that people are identified that might not otherwise have been considered as inventive.

Holding a second meeting for the named people in less than four weeks from the first meeting date is a goal. Many good inventions come from the secondary group of people. The high level of invention occurs because the named people are typically told by the attending folks about the first meeting, and the second group then prepares for the exercise. It is a win-win meeting for the company.

Phase 6 – Who has the most money? (5 minutes)
Ask the group: who has $20.00? Raise your hand.
Hands up. Who has $ 21? And count up. Give a GRAND PRIZE to the one with the most money, like a company logo mug, a company shirt, or some other logo item.
Handing out a company mug containing candy is really popular. The candy can be given to friends and secretaries.

Phase 7 - Who doesn’t have money, let’s help them (10 minutes)
Ask the group: Who has $5! Raise your hand. Who doesn’t have any money? Ask the group to help the moneyless folks to earn some money. Have the group give the moneyless folks ideas about possible inventions they could write down. The group typically responds positively and helps these folks. This phase is particularly useful to pull the group together as a team.

Now is a good time to point out that some of the people are prolific inventors with ideas every other minute, while other folks are quiet and need the group to help them recognize and write down good ideas. Both kinds of people are valuable to the company.

Explain there will be a committee to review inventions written down today.

Thank them for their time.

Technique number 2:

Create an invention disclosure program—the time needed varies.
Create a committee to review ideas and inventions.
(1 hour to 3 hours, depending on politics)

Successful review committees have comprised at least three people, and usually six people selected from the group:

A Marketing Vice President (VP - Marketing)
A Research and Development Director (R&D Director)
A Long Range Planner for the company
An Investor Relations Officer
Sometimes the President (President)
An Operations Officer (COO)
At least one Division Head
An In-House Attorney (General Counsel, if possible)

Hold a meeting of the Review Committee and explain their job is to:

1. Rate inventions for value to the company

An “A” rating—Invention will make more than $1,000,000 during the life of the idea;
A “B” rating—Invention will save the company more than $1,000,000, during the life of the idea;
A “C” rating—Invention will make the company between $25,000-$500,000 during the life of the idea; and
A “D” rating—No one on the committee knows the value of the invention.

2. Rate inventions for completeness

A “1” rating means a prototype exists but there is not much written;
A “2” rating means significant writing is done but there is no prototype;
A “3” rating means only the title and benefits are complete;

Generally A1 inventions should be patented.

A2 and B1 inventions should be re-evaluated in 3 months for patentability.

The Marketing VP’s input on B1 inventions should be seriously considered.

Here is an example: three inventions are submitted:

An invention for a new tool; a prototype exists and it would add nicely to the company line.

This new tool invention could have a C1 rating.

An invention for a piece of software not yet written, which would save office time of about $25,000 per year.

This software invention could have a D3 rating

.An invention for a business method for leasing trucks using a website that exists and identifies kinds of trucks with loads that will make $300,000 per year and would operate for at least 4 years..

This business method would be rated A1.

A1, B1, A2, and B2 ratings should probably have patent applications drafted and filed on them to the benefit of the company.

The ratings other than A1, B1, A2, or B2 should be reevaluated in three to six months for more information.

A3 and B3 may deserve patent filings as provisional patent applications, but it is not always a good idea. A3 and B3 inventions may need to be treated as trade secrets for a period of time.

3. Approve a budget for filing patent applications on new inventions.

4. Approve a budget for handling the "prosecution" of the filed cases with the government (i.e. the back and forth correspondence with The U.S. Patent and Trademark Office).

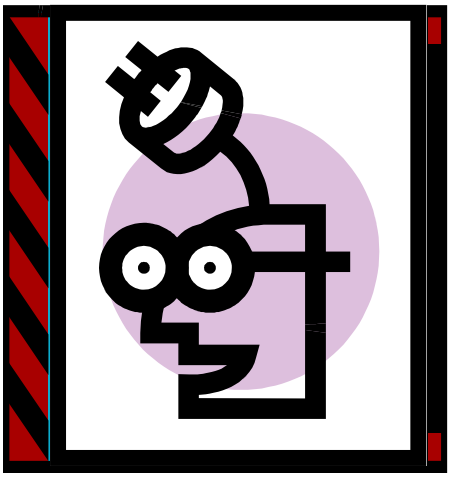
5. Approve a budget to pay for maintenance fees for the inventions.

6. Approve a budget for awards for inventions, five celebratory dinners, and inventor awareness programs to produce written invention disclosures.

7. Approve patent attorneys to work on inventions that are known to actually issue patents rather than just "work the files" for years and years until the expense exceeds the value of the invention. Beware of patent attorneys who also litigate. Typically patent litigators can't write a patent or issue a patent at all. That's why they litigate...and patent attorneys who do both, litigate and prosecute patents… probably don't do either activity well, as the activities are completely opposite from each other in skill set and attitude.

Chapter 11

Creating an Inventor Awareness Program



Inventor “awareness” programs are supposed to alert inventors in the company of the existence of an invention disclosure program.

An example of an “Inventor Awareness Program” is a breakfast meeting with donuts and coffee where a company representative passes out invention disclosure forms and provides some information on what is patentable in the company.

The company representative generally needs to provide incentive to the attendees to get them to write down their inventions.

Provide some inexpensive prize if the attendees fill out an invention disclosure form in a defined period of time.

A example of an “inexpensive” prize is a company logo coffee mug, a company logo shirt, or a $1.00 scratch-off lottery ticket.

Provide a more substantive reward for more thought out and completed invention disclosures that have written steps or parts of the invention, figures attached and labeled, benefits of the invention described, and all inventor’s names with addresses and citizenships.

Invention disclosure issues

Invention disclosures do not write themselves. Sometimes it is a genuine struggle to get inventions written down for evaluation by a committee.

Continuing interest issues

Once a patent application is drafted, there is a need to keep inventors interested in the patent application and prosecution process to work on the responses needed to Office Actions from the U.S. Patent and Trademark Office.

Celebration dinners work well to keep inventors interested, as well as publicity in the company newsletter.

Make sure the issuance of patent results is included, in some form of record in their employee file.

Make sure issued patent results in a reward for the inventor at performance review time.

Make issuing patents be an indicator in a performance review for all employees.

Create some rule that the existence of the “patent filed” notation may lead to a raise, a bonus, or a more secure job with the company.

It is difficult for some inventors to remain interested in their project after one or two years. Most patent applications take at least two to three years to issue, if all is well, and up to five years when the case meets an Examiner who just doesn’t want to issue the patent.

What follows is a description of two memorial celebration dinners; one at a French Restaurant in Houston, called Chez-George, for eight people; the other was a huge blow out for 100 people

A small dinner

For the intimate dinner, we arrived to a set table with place cards, like a rehearsal dinner for a wedding. Everyone was smartly dressed—no jeans, no bomber jackets.

There were small gifts on the table at each place setting. The china and crystal looked beautiful. Candlelight was everywhere. The room looked very posh.

A glass of wine or Perrier was served to everyone standing up having a chat. A waiter served hot cheese and spinach pastries from a silver tray with napkins. It made the attendees feel special, and then we were seated.

This group of inventors happened to be from Scotland, and the company brought in a bagpipe player (just one guy – cost $75) and he played a few Scottish songs—“Oh Brave Scotland” and the like.

The menu was set by the host, so we did not order anything. We had salad, soup, entrée, and dessert.

Between the first and second course, the VP of R&D made remarks about the importance of the inventors and the backgrounds of the inventors, as well as the excellent work the team undertook and the plans for the next few years for the invention.

After dinner, there was toasting, and presentation of a certificate (value $2.00) to each inventor.

The overall evening cost about $400 for an invention that ended up being worth about $5,000,000 over eight years to the company. The dinner occurred 20 years ago, and I still remember it. I'm sure the inventors remember it as well.

The big blow out.

This dinner must have cost the company about $5,000 ($50 a person).

This "blow out" dinner was created to have three purposes: 1) a photo opportunity for the company, 2) to create a lasting impression on a large group of company employees that inventing is good, and 3) to create a desire in the "non-invited" to be on the list next year.

This event was in a really plain room. The "important people" were seated on a stage, like a comedy roast, behind a humongous banner that said "We Value Inventions!"

Personally, I would have preferred a really big statement "THANK YOU INVENTORS….WE VALUE INVENTIONS" but then, I didn't create the event.

Upon entrance to the room, attendees were given a "Hi I'm_____" badge that the attendee filled in with a Sharpie™ marker. It was very low key.

Everyone was in jeans, t-shirts, or something very casual. Beer was on tap and cans of soda were being handed out. This was before the days of “water bottles” being popular.

People huddled in groups with people they knew. People did not mix.

Some photographers took pictures and video, which I suppose was for the Annual Report or the Annual Shareholder meeting, as it was a publically traded company.

At least 100 people attended, maybe more. There were at least 15 tables on the floor covered in paper tablecloths. At a far end, a salad, hot chicken, and steamed vegetable buffet was set up, along with an array of simple pies. It was a “help yourself” affair.

About one hour into the dinner, some guy no one appeared to know stood up and said he really liked all the inventions. He thanked everyone for attending. He was some “long term development guy”. It did not seem that anyone had ever heard of him before.

Next, the investor relations officer (that everyone knew) came on the stage and thanked everyone in the room for giving her the tools to go to Wall Street in New York and hold investor meetings discussing the newly filed inventions of the company.

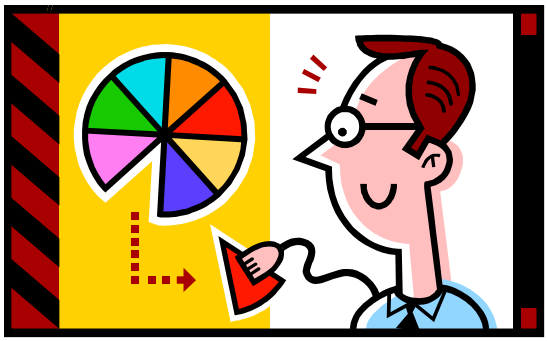
That was it, nothing else.
No band.
No piper.
Mediocre Food.
Uncomfortable seats.
No gifts.

Just the huge banner over the stage, and all the people.

It was a curious event, and it was unforgettable.

Chapter 12

Creating an Inventor Reward Program



Consider creating a significant reward for filling in the forms during the first 90 days, such as a $5 Target ™ gift card for each form completed, regardless of use by the committee.

Sometimes a simple $5.00 gift card to some retailer will do the trick and get inventions written down…how sweet is that?

Companies like Phillips of Bartlesville, OK used to provide a financial incentive that was small upon filing, such as $500, and then a large one when the patent issued, which in the late 1980's was about $2,500. This significant reward program kept inventors interested in the patent process from start to finish.

Other companies, such as Shell, informally provided inventors with a lunch after filing. This informal process was not “institutionalized”; however, the inventors were typically invited to ask one or two colleagues to attend as a thank you for a job well done. Interestingly, at least 50 percent of the colleagues that attended the celebratory lunch were inspired to invent because of the free lunch.

Still other companies, like Dow in the early 1980’s, gave inventors only a $2.00 plastic frame with a simple photocopy of the front page of the issued patent, along with a $1.00 Susan B. Anthony coin. Surprisingly, the framed patents on the wall inspired competition among the inventors. Also, it caused considerable animosity if someone’s name occurred on an issued patent that colleagues thought should not have been an inventor. Suffice it to say, beware creating a competitive program that could generate bad feelings among inventors.

Creating some form of reward program is a good idea.

Individual inventor celebration dinners

Consider having a dinner for all inventors that have had their inventions defined into patent applications during the past year. Publically honor them for their help. Spin it differently from an “awareness yeah-for-the-team” dinner. Make it special for the individual.

Thank you Certificates

Consider awarding a thank you certificate with their name written, which they can frame if the inventor chooses.

Wall Plaques

Framing a copy of the front page of the patent is really nice for inventors.

For the more appreciative company, a nice gesture is to have a specialty company laser the front page into metal, and then the metal front page of the patent can be mounted on a wall plaque for about $145.

Besides giving a plaque, publishing the names of the inventors in the company newsletter is usually appreciated.

Sending out a company-wide or division-wide e-mail thanking specific inventors for their participation this year has been done by companies I know.

Some companies post the inventors names on the website of the company, as a marketing tool for the company, while thanking the inventors for their participating in the Intellectual Property rights building process.

Be aware…be very aware:

1. Many engineers never think a discovery patentable.

First, engineers, as a group are skeptical about almost everything. Inventing just doesn't seem possible to most of them. Whatever they came up with is probably "already known".

For example, my better half came up with a tool somewhat like a Swiss-Army™ knife, but for fixing computers. The tool had a bunch of known gadgets connected together into a device that is compact, with an elongated handle. My beloved says to me, "No way this is patentable". Since he has a Ph.D. from Notre Dame in Chemical Engineering, a Masters Degree in Chemical Engineering, and a Bachelors of Science in Chemical Engineering from Johns Hopkins, he must know what he's talking about. To top if off, he's a really bright guy, so he must know that this tool could not be patentable.

Well, I issued two (2) different patents on this gadget.

Yes, they issued, they were granted, and pretty easily, too. So, don't believe engineers when they say they know what is or is not patentable. Instead, trust a professional patent attorney.

Let your friendly neighborhood patent attorney provide advice if the combination of old processes, the combination of old equipment, or the combination of old whatever is patentable.

Most patent attorneys are pretty good at advising an inventor if something else is truly new and patentable, and how it can be patented.

2. Most engineers think one invention can only create one patent, when in fact one invention can easily issue as two, three, or four different patents

One invention may be entitled to up to 4 patents. Four different patents, with different enforceable positions, and different asset values, can be filed for one invention.

For example, a software invention, such as software for remote terminal units, can be filed as:

A **method patent application** (patent application #1) – describes the steps that the software performs (usually the Largest monopoly).

A **system patent application** (patent application #2) – includes equipment plus the steps of the process that the software performs as part of its monopoly.

A **computer instructions patent application** (patent application #3) – which is for the computer instructions that tell a a processor to perform the steps described in patent application #1.

A **method patent** for use with devices other than remote terminal units (patent application #4) – is a copy of patent application #1 but with different end uses.

3. Secretaries, security guards, safety officers, plant operators, machinists, and maintenance folks have patentable ideas.

Not surprisingly, secretaries and other regular office types, including receptionists and cleaning crews, have ideas on how to run a company better. These ideas range from different ways to do recycling to better ways to train new employees about the company.

If patent applications and patents are to be used as marketing tools, or used to raise asset value of the company, then locating every possible idea is useful. The company need not file on all the located ideas, but locating the ideas is important.

Sometimes, ideas of support staff (i.e., the group of people for which inventing is not their primary job, or even part of their job description) can save a company a lot of money.

Create awareness programs about inventions that reach out to:

- Office Employees
- Security Guards
- Plant Operators
- Machinists
- Repair Technicians
- Safety Officers or Personnel responsible for safety
- Environmental Compliance Officers
- Scientists

- Engineers
- Trainees – like the summer interns
- On-Staff Design people
- The Chief Financial Officer (CFO)
- The Corporate Secretary
- Medical Staff
- The persons in charge of large events

4. Inventors need to be clear on the purpose of patents for the company

Generally, it is useful to have some kind of invention education program in the company to remind all employees that the company values their great ideas.

Patents are not just about great ideas; they are about ideas that the company can use for the following reasons:

a) Asset building
Each patentable idea can have a value between $10,000 and several millions of dollars.

b) Creation of marketing tools
Each filed patent application can be an excuse for a press release.

Each filed patent application can be noted in trade show materials.

Information on each filed patent application can be placed on the company website.

c) To facilitate claiming the research and development tax credit from the IRS

The IRS has considered in most cases that having filed patent applications is prima facie evidence that the

company or business is entitled to claiming the R&D tax credit.

As of 2007, tax returns could be amended back a few years for unclaimed R&D tax credits. Check with an accountant regarding any extensions or changes to these rules.

d) To expand the company's market share create weapons to protect the business

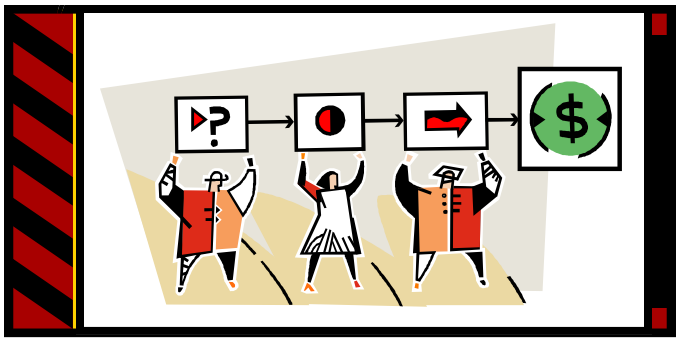
By publicizing to competitors and customers that the company has patents at least two activities typically happen: 1) competitors decide not to operate within the established market share of the owner of the Intellectual Property, or (2) customers decide that patent pending technology has significant value and buy from the owner of Intellectual Property, rather than someone else with "old" technology.

e) To create extra money through licensing of those ideas

Inventors need to know that the company may, in fact, not use the idea itself, but may license another complimentary company to use the technology, and that company in turn will send revenue regularly to the company.

Chapter 13

United States Utility Patent Application Process



A patent is issued and the monopoly is granted.

The following is a list of some of the issued instrument patents and patents related to instruments that were issued between 1956 and 2007.

By going to www.USPTO.gov and clicking on the "patent" button, and then the "search patents" button, anyone can read the entire issued patent.

But how did these inventions get issued? What is the process?

The Patent Act of 1790 was the first set of procedures created for and issuing patents.

Until 1956, less than 3 million patents were issued. Most of those 3 million patents are now stored at the National Archives in Washington D.C., along with the originally filed models. The rules of 1790 required a description, a drawing, and a model.

The patent rules of 2008 require an oath, a description, a drawing (if needed), no model, an abstract of the invention, claims, a title for the case, the names of the inventors, and their citizenship.

Persons of any citizenship can file for U.S. patents, but the citizenship must be documented.

The patent filing and issuance rules can be found in the Code of Federal Regulations, chapter 37 (37 C.F.R.). Even more guidance comes from the Manual for Patent Examination Procedure (M.P.E.P.) promulgated by the USPTO. The M.P.E.P. can be read at www.USPTO.gov. The M.P.E.P. has very specific rules for drawings, including defined margins, rules about shading usable in the figures, and rules about what must be in the specification of the patent filing.

Between 1956 and 2007 four million additional patents were issued.

This is a list of a few issued patents.

U.S. Patent No.	**Title**
7,265,832	Optical flow meter for measuring gases and liquids in pipelines.
7,265,555	Loop impedance meter
7,265,532	Electronic electricity meter and method of assembly
7,265,319	Multifunction meter for welding apparatus
7,262,709	System and method for efficient configuration in a fixed network automated meter reading system

7,261,204	Electric meter tote
7,260,986	Airflow meter with device for the separation of foreign particles
7,259,690	Reader for utility meter
7,258,438	Retinal flux density meter and method of use
7,257,999	Liquid dispenser with volume meter
7,257,495	Flow meter filter system and method
7,256,709	Meter with IrDA port
7,256,572	Electric-field meter having current compensation
7,255,837	Electronic device and thermal type flow meter on vehicle
7,253,605	Configurable utility meter connection interface
7,252,015	Ultrasonic flow meter including guide elements
7,250,874	System and methods for wirelessly transmitting data from a utility meter
7,249,504	Level meter
7,249,500	Determination of amount of propane added to a fracture fluid using a coriolis flow meter
7,249,265	Multi-featured power meter with feature key
7,248,181	Automated meter reading system
7,248,180	Meter reading system
7,248,179	Electronic meter reader system and method
7,248,176	Color-changeable warning apparatus of vehicle meter
7,248,175	Synchronously lighting apparatus of vehicle meter
7,248,158	Automated meter reading power line communication system and method
7,239,502	Meter center and multi-phase multiple meter socket assembly therefore
7,239,250	System and method for improved transmission of meter data
7,239,125	Method and apparatus for electronic meter testing

How did these issued patents start?

Most of the issued patents started with at least one sentence, and then a conversation with a patent attorney.

The Three Phases for Filing, Issuing, and Maintaining a Patent.

Phase 1 - Creating the Patent Application (Steps 1-6)

Step 1 – Drafting the Claims

Upon agreeing on the fees, the patent attorney typically writes the "claim section" of the patent application. This claim drafting process can take anywhere from 2 hours to 4 weeks to draft an adequate set of "claims". The length of time depends on the finicky nature of the inventor, the responsiveness of the attorney, the experience of the patent attorney, and the ability of the patent attorney to understand the inventor.

Step 2 – Searching the Patent Literature and Drafting the Specification

Make sure the attorney actually has a patent license, with a registration number. It is a good idea to ask to see the certificate from the USPTO with their name on it to be sure the attorney is really a licensed patent attorney with the certification to prepare and file patent applications.

The patent attorney should at least do a key word search for existing patents that have key words that describe the invention, in the claims of issued and pending patents. This process usually takes no more than 30 minutes, or up to an hour for an "informal search". The informal search is useful, because most patent attorneys with more than 8 years experience can find a reference pretty quickly that would prevent an owner from obtaining a patent. Such a reference is called "a dead hit" for the invention. If no "dead hit" is located then the invention is probably patentable, if there is some significant benefit for the invention.

Step 3 – Making sure the figures (drawings) cover the claims.

Once the patent attorney writes the claims the patent attorney, the client, or both have to create primitive figures that depict all nouns or all steps used in the claims. If the client creates these figures (drawings), it shortens the amount of time between when the patent attorney starts the case and when the case is ready for filing.

Drawings (or figures) have to have each part labeled with a number. Each part with a number must be described in the "specification" portion of the patent application. Each part should have a model number, reference information, or property description associated with it.

For example, if the claims state that the latching mechanism is made of metal, the specification of the patent application should state that the metal is stainless steel and has a thickness of between 1.5 inches and 3 inches, a durometer of some specific number, and possibly a unit that defines brittleness or some other metallic characteristics.

Step 4 – Adding clear benefits to the patent application

Typically, the client can supply the benefits for the invention. These benefits are usually written into the detailed description and are critical when it is time to argue the case with the Examiner at the USPTO.

An example of a benefit for the latch described above might be that the metal latch contains at least one perforation to allow air flow, so that the latch will hold and not bend during high winds, such as Category 1 hurricane level winds.

Benefits can include that the invention is now lighter to ship, faster to make, easier to make, or has fewer parts so it is more reliable. Faster, better, cheaper, is a common mantra among patent attorneys with regard to benefits. Saves lives and saves the environment come as close seconds and thirds in the set of all benefits mentioned. Although saving money or making

money sounds like A benefit, it is best not to include those in the patent application, as the USPTO tends not to value those two benefits.

There are numerous "secondary indicia of patentability" that are recited in the M.P.E.P., mentioned previously, and it would do an application well to include one or more of those indicia of patentability as a benefit in the patent application filing.

Step 5 – Writing the background, field, brief description of the drawings, and abstract.

These days, a background is notoriously brief, generally three or four sentences, due to changes in interpretation of the background by the courts. Various courts have used any writing made in the background against the applicant. So making the background short and concise is required in the 21st century.

The **Field** is a one sentence statement about the invention, in general, that helps the patent office assign the case to the correct examiner.

The **Brief Description of the Drawings** simply identifies the drawings used in the patent filing with a short phrase concerning the view or some other feature of each drawing.

The **Abstract** is a short restatement of the first claim of the case, and is a phrase of not more than 150 words, with a minimum of 50 words, that enables the USPTO to easily classify the document, should the patent issue.

Step 6 – Finalizing the case.

The last step of the filing process involves obtaining signatures on the Oath (or Declaration), signatures on the optional assignment documents, a driver's license for the optional "Petition to Make Special," and the filing fee for filing the patent application (aka "The Case") with the USPTO.

The Oath/Declaration

An application that is to be examined is called a “utility filing.” All utility filings must have an oath that states the inventor(s) are the true and original inventor(s) of the application and they desire a foreign filing license, and they appoint an attorney to have power of attorney on the case. “Provisional filings” are patent applications that are not examined, last only 12 months, and do not require an oath.

The Declaration/Oath Requires:

- Signature of each original inventor;
- The name of each inventor;
- The address including city, state, and country of each inventor; and
- The citizenship of each inventor.

The Assignment Document

The inventors may have to sign an “assignment document” transferring the ownership of the case from the inventors to their company or a third person due to contracts executed by the inventors or other arrangements made for funding invention creation.

It is helpful to submit this document at the time of filing, with the appropriate fee.

Petition to Make Special

If an inventor or co-inventor is over the age of 65, the USPTO permits the patent application of such a person to “go to the front of the line” at the patent office. The assumption is that the inventor over age 65 may die, so the patent office should handle the case quickly, within a year of filing.

It is well worth the effort to prepare and file a Petition to Make Special, as these petitions slice at least 12 months off the patent application and prosecution process.

The Petition to Make Special is best filed at the time of filing. But be aware that the USPTO tends to regularly lose these filings, so applicants need to keep calling their patent attorneys to check that their Petitions were granted and not lost.

Petitions to Make Special require a government-issued document to prove the age of the inventor or co-inventor for the purposes of granting the Petition.

Filing Fee

Patent applications need to have a filing fee filed with the application to receive a serial number and filing date for the case and to be recognized at the USPTO.

No patent application can be filed without the filing fee. A filing without a filing fee can be remedied within about 60 days upon payment of the filing fee and a "fine" for filing an incomplete case.

Non-Publication Fee

Generally, it is a good idea to consider paying the government the "non-publication" fee to ensure the patent is not available for review by others 18 months from the filing date. By paying the fee, inventors in the U.S. can keep the invention a secret until the patent issues.

An Information Disclosure Statement

If the inventor knows about another patent related to this invention, or an article, or a public demonstration that would affect the examination of the patent application, an Information Disclosure Statement should be filed disclosing this fact to the government. If such information is withheld from the government, any patent that issues with the "withheld" information would be considered unenforceable because the patent applicant committed "Fraud on the Patent Office," which is a well known and constantly enforced remedy.

Phase 2 - Prosecution of the Patent Application (Steps 7 – 15)

The vocabulary of the USPTO and the normal patent attorney includes the word “Prosecution”, which refers to the phase of the patent application between filing and issuance.

Prosecution of the Patent Application typically has 8 basic steps, indicated here as Steps 7-15.

Step 7 – The filing receipt and obtaining the foreign filing license

About 30 to 60 days from the filing of the patent application, the government issues a filing receipt, which is used for tracking the case.

The filing receipt indicates a few important bits of information:

- a serial number for tracking the case at the USPTO
- the actual filing date of the case at the USPTO
- the title of the case
- the name of the first inventor of the case
- an indication if the foreign filing license was granted and the date it was granted, enabling an owner to now pursue filing for a patent in a country other than the U.S

Step 8 – The First Office Action

Depending on whether or not a Petition to Make Special was filed, the First Office Action can occur anytime between one year and four years from the filing date. It may even occur up to six years after filing, depending on whether the invention is a business method invention.

The first office action is the paper from the Examiner at the U.S. Patent and Trademark Office that says the Examiner has searched the case and rejects the case for issuing as a patent for one of three basic reasons. There may be reasons in addition to the three main ones, but the three mains reasons include:

Section 112 Rejection
The application is vague and does not enable one skilled in the art to make and use the invention as claimed in claim 1 or in another independent claim.

Section 102 Rejection (the worst kind)
the Examiner believes that all elements of the applicant's invention are taught in one reference, which can be another pending and published application, an issued patent from the US or another country, a writing from another country or the US, or a commercial demonstration that was written about in a newspaper or other publication.

Section 103 Rejection
The Examiner believes that by combining elements of the applicant's invention that are found in parts in different references, the entire invention is revealed in the combination of references.

Step 9 – Response to the First Office Action

The Applicant must reply to the First Office Action within 3 months, or up to 6 months while paying extension of time fees, in order to keep the case alive and well. Otherwise, the case just dies, and all money paid to the attorney and the government is lost, with no hope of a refund.

The reply to the office action must be a technically supported argument, well thought out, and well put together. Every point addressed by the government must be rebutted and handled. No argument or point made by the USPTO can be overlooked. Changes to drawings and changes to the specification must all be handled in the response. Nothing can be overlooked, or the case simply dies (the term is "abandoned" by those in the patent biz).

Step 10 – An Interview in Washington D.C. to explain the invention to the Examiner

After the First Office Action, applicants have the right to an in-person talk with the Examiner at the Patent Office in Washington, D.C.

This little used right shortens the time between the filing and issuance of most patent applications.

Patent attorneys do not like to recommend interviews because it typically prevents them collecting the fee to write a second response to the Second Office Action, it's a lot of trouble, it is a scary process, and the outcome is unpredictable. Even so, owners should take advantage of this little-used right of the applicant.

Ask for interviews. Demand in-person interviews. Phone interviews get nowhere!

If your patent attorney does not know how to conduct an in-person interview, or does not want to interview, contact your local law firm that specializes in interviews.

Step 11 – The Second Office Action

If the applicant is unlucky and the Response to the first office action is ignored, the Examiner will issue a Second Office action or a Final Office Action..

Step 12 – Response to the Second Office Action

The Applicant must reply to this Second Office Action within three months or the case will abandoned. Technical arguments must be presented addressing each reference cited by the Examiner, with points on how the invention as claimed is different and points on the benefits of the invention as claimed in order to succeed.

Step 13 – The Notice of Allowance

Should the client succeed either by the Interview, the First Response or the Second Response, the Examiner mails a "Notice of Allowance," citing any last changes needed by the Examiner in order to issue the patent.
These changes may be needing drawing changes, spelling errors needing correcting, or some other item needing changing. This document also includes the reasons for allowance.

Step 14 – The issue fee payment and the need to fix figures

If all the changes requested in the Notice of Allowance are complied with, then another document shows up, which indicates the amount of money the government needs and signatures the government needs, in order to issue the patent granting the monopoly for 20 years from filing.

Step 15 – The Issued Patent

Typically, once the issue fee is paid, the Patent Office sends the paperwork on the filed patent application to the Government Printing Office. In three to six months the Government Printing Office prints the patent application as a patent and affixes a “GOLD SEAL” to the printed copy. There is only 1 gold seal copy. The Gold Seal copy is needed if the patent is ever to be enforced in a court. Gold Seal copies should be either framed or kept in a safe deposit box or other fireproof, secure location.

The following is an image of a first page of an issued patent.

(12) **United States Patent**
Jones, Jr.

(10) **Patent No.: US 6,843,016 B1**
(45) **Date of Patent: Jan. 18, 2005**

(54) **WEEDLESS LURE FOR WACKY STYLE FISHING**

(76) Inventor: **Nyles Kelley Jones, Jr.**, 1610 Cherokee, Deer Park, TX (US) 77536

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 84 days.

(21) Appl. No.: **10/235,330**

(22) Filed: **Sep. 5, 2002**

(51) **Int. Cl.**[7] **A01K 85/00**
(52) **U.S. Cl.** **43/42.26**; 43/42.24; 43/42.28
(58) **Field of Search** 43/42.24, 42.06, 43/42.31, 42.26, 42.28

(56) **References Cited**

U.S. PATENT DOCUMENTS

885,861	A *	4/1908	Pepper	43/42.26
2,523,536	A *	9/1950	Maddux	43/42.06
2,775,839	A *	1/1957	Kuslich	43/42.03
3,162,971	A *	12/1964	Gilliam	43/42.3
3,585,749	A *	6/1971	Dieckmann	43/42.06
3,631,626	A *	1/1972	Keenan	43/42.24
3,724,116	A *	4/1973	Lindner et al.	43/42.24
D227,464	S *	6/1973	Weldon	43/42.24
D229,933	S *	1/1974	Fitzpatrick	43/42.24
D231,453	S *	4/1974	Haggard	43/42.26
3,802,115	A *	4/1974	Auten et al.	43/42.31
3,959,912	A *	6/1976	Lee	43/42.28
4,047,318	A *	9/1977	Mapp	43/42.24
4,167,076	A *	9/1979	Weaver	43/42.24
4,312,148	A *	1/1982	Hardwicke, III	43/42.24
4,316,343	A *	2/1982	Creme	43/42.24
4,619,069	A *	10/1986	Strickland	43/42.26
4,771,564	A	9/1988	Whitley	43/4
4,790,100	A *	12/1988	Green, Sr.	43/42.26
4,799,329	A *	1/1989	Paulsen	43/42.28
4,912,871	A *	4/1990	Brady	43/42.26
5,121,568	A *	6/1992	Lindmeyer	43/42.31
5,167,088	A *	12/1992	Wardall	43/42.03
5,276,992	A *	1/1994	Kato	43/42.06
5,353,540	A *	10/1994	Ward	43/42.24
5,408,780	A *	4/1995	Chambers, Sr.	43/42.24
5,625,975	A *	5/1997	Imes	43/42.24
5,894,692	A *	4/1999	Firmin	43/42.28
5,934,008	A *	8/1999	Rice	43/42.26
5,946,847	A *	9/1999	North	43/42.31
6,041,540	A *	3/2000	Potts	43/42.24
6,094,855	A *	8/2000	Stump	43/42.24
6,173,523	B1 *	1/2001	Johnson	43/42.24
6,266,916	B1 *	7/2001	Dugan	43/42.24
6,408,566	B1 *	6/2002	Ward, Sr.	43/42.31
6,564,499	B1 *	5/2003	Firmin	43/42.26
2002/0170225	A1 *	11/2002	Gibbs et al.	43/42.28

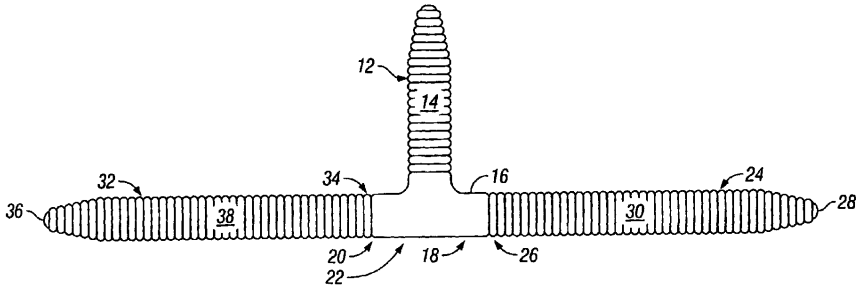
* cited by examiner

Primary Examiner—Darren W. Ark
(74) *Attorney, Agent, or Firm*—Buskop Law Group, P.C.; Wendy Buskop

(57) **ABSTRACT**

The invention is a flexible fishing lure made of a solid rod, an egg sack connected to the rod forming an angle between 60 and 90, two legs each with a leg head and a tapered leg, wherein the solid rod and the legs have substantially identical conical shapes with substantially identical outer diameters and wherein the egg sack has a conical shape with an outer diameter 0.01 to 0.005 larger than the outer diameter of the solid rod and the legs.

11 Claims, 6 Drawing Sheets



Phase 3 – Maintaining the Patent after Issuance (Steps 16 – 18)

Step 16 – First Maintenance Fee Payment

At three and a half years from the issue date, the first maintenance fee to the United States Patent and Trademark Office (USPTO) must be paid.

No United States patent magically stays in effect for the 20 years from filing, which is the current term for all U.S. patents.

Maintenance fees must be paid at regular intervals to keep the issued U.S. patent "alive and enforceable."

The first maintenance fee is due at three and a half years from the issue date.

Step 17 – Second Maintenance Fee Payment

At seven and a half years from the issue date, pay the second maintenance fee to the USPTO.

The second maintenance fee is due seven and a half years from the issue date of the patent.

Step 18 – Final Maintenance Fee Payment.

At eleven and a half years from the issue date, pay the third maintenance fee to the USPTO.

The final maintenance fee is due eleven and a half years from the issue date.

Patents are *NOT* extendable, except for certain pharmaceutical cases.

Patents are *NOT* renewable; this is a common myth.

Continuation in Part patent applications and Continuation patent applications can be filed while a case is still pending. It is prudent to keep at least one pending case alive at all times in order to file “improvement patents” with a common “priority date” to an original patent application.

Other pieces of paper to know about:

1) Extensions of Time – One Month, Two Months, Three Months

Patent applicants can buy some time, up to three months after their due date, to respond to an Office Action by paying the equivalent of a “fine” for being lazy.

The fine is different depending on whether it is for a “one month” $120 extension of time or a “two month” $460 extension of time or a “three month” $1,050 extension of time.

Game over after three months.

2) Revivals

Patents die. Dead patents and patent applications can be, within certain periods of time, revived. Revived patents do have significant problems associated with them

Consult your patent attorney, or call the Buskop Law Group in Houston, Texas, for details on revivals at 713-275-3400, or visit www.BuskopLaw.com.

3) Notices of Appeal

A difficult Examiner can be overruled by the Board of Appeals for patent matters. The Applicant must submit a “Notice of Appeal” in order to move the case from the recalcitrant patent Examiner to the Board.

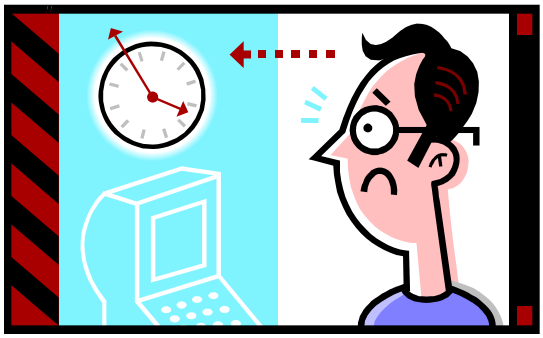
4) Appeal Briefs with or without a hearing

Once a Notice of Appeal is submitted, the Applicant must create and file an Appeal Brief. Examiners generally hate the Board of Appeals. In addition, there is a pre-appeal hearing that can be requested that may be helpful. Again, consult your patent attorney about this feature.

Appeal briefs are generally expensive to draft and file. Hearings in D.C. are expensive. So, tread carefully in this area if there are any budgetary concerns.

Chapter 14

Provisional Patent Applications
A Low Stress Step



The provisional patent application looks like a Utility Patent Application.

Provisional Patent Applications have a term of only 12 months.

Provisional Patent Application typically cost about 1/2 the price of a utility patent application.

A Provisional Patent Application must meet 35 U.S.C. requirements having a description that enables another person skilled in the art to make and use the invention.

Provisional Patent Features

Provisional patents can be used like utility patent applications for marketing, exploitation, licensing, and asset valuation purposes, without the large expense of the utility filing.

Before the 12-month period expires a provisional patent application must be changed into a utility patent application by adding additional detail.

At the time of the utility patent application filing there will be additional fees for the drafting of the utility application and costs associated with filing the patent application with the government.

If an applicant chooses not to file a utility application claiming priority to the provisional patent before the expiration of the provisional patent, the inventor will lose all patent rights at the end of the 12th month.

The Steps:

Step 1	Draft and file provisional patent application	Day 1
Step 2	Receive filing receipt and serial number	Approx. 30 days from filing
Step 3	Prepare regular utility filing	Month 11
Step 4	File redrafted Case	Month 12 from provisional filing date

Chapter 15

Five Strategies to Consider

The following are some IP strategies to consider for implementation in a company with some of the associated costs:

Strategy I – "The Basic"

* File at least two provisional patents on new ideas ($6685 each)
* After the patent is filed, make a few copyright filings ($55 if done by applicant, $250 each by most law firms) on related:
  Manuals
  The website
* Perform at least one trademark search on a contemplated product/service name ($600 each)

* File for at least one trademark in at least one class as a "word mark" for the primary product or service offered by the company ($1300 each class)
* Place "tm" notice on all printed materials and website (priceless)
* Issue at least one press release about the patent pending technology to:
  Increase customer appreciation
  Gain media ink (priceless)
* Have employees sign secrecy and assignment documents ($250 each form)

Strategy II—"The Advanced", which assumes the steps of Strategy I are completed plus:

* File additional trademarks (word marks) for other classes of services/products offered or "intended to be offered" by the company ($4000 for about 3)
* Initiate a watching service on the primary trademark ($2000) of the company
* File two or three utility applications on new inventions, methods or systems ($20,000 for two or three related cases)
* File petitions to make special, if possible, on patent applications
* File a PCT (International) application for marketing purposes ($9000)
* Use non-disclosure agreements with vendors ($250 for form)
* Make sure the company has a good filing system for invoices of software licenses, and make sure the company has an audit program in place for software owned or controlled by the company (priceless)
* Have at least one "cease and desist" letter prepared for mailing by the company on company letterhead to potential infringers of intellectual property ($250)
* File copyrights on more expressions the company creates ($500 for 10 done by company)
* Put "patent pending" on trade show materials and signage.

Strategy III—"The Wise", which assumes all of Strategies I and II are completed plus:

- File logo trademarks corresponding to the initial filing ($3000 for two)
- Interview examined patent applications in Washington, DC. In person ($9000 each)
- File additional provisional patents on ideas not fully developed ($12,000 for three)
- File utility cases for all prior filed provisional cases (variable pricing)
- Have a form non-disclosure agreement for use with certain customers ($250)
- Develop a licensing program, with a term sheet, to capture possible revenue from use of intellectual property (not really known)
- File two additional PCT applications ($9000 each)
- Have form software licenses and technical services agreements on hand ($1700)
- File Oppositions to trademarks of others and petitions to cancel trademarks of others interfering with market share ($3000 each to start)
- Update website to reflect any registered trademarks and issued patents, putting patent numbers on products (priceless)
- Foreign file the principal trademark (price depends on countries selected)

Strategy IV—"The Maximizer", which anticipates all of Strategies I, II and III are completed plus:

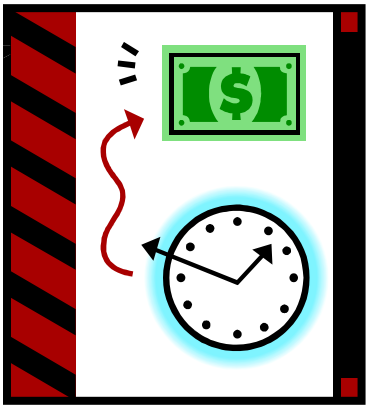
- File logo trademarks corresponding to the filings made in Strategy II.
- File additional combinations of provisional and utility patents
- File additional word trademarks in other countries where doing business
- Order infringement analysis of competitors' patents
- Request search results on competitors' names as assignees on www.uspto.gov

Strategy V—"The End Run", which anticipates all of Strategies I, II, III, and IV are completed plus:

* File color or slogan trademarks corresponding to products/ services of company (three or four)
* Send cease and desist letters to competitors infringing issued patents and registered trademarks

Chapter 16

How Long Does Intellectual Property Last?



The Patent Term is…

20 years from the patent application filing date, as long as maintenance fees are paid to the government at three and a half, seven and a half and eleven and a half years.

To be valid the issued patent must "claim" an invention that:

Has not been commercially used more than one year prior to the patent application filing date;

Has not been disclosed more than one year prior to the patent application filing date;

Has not been invented by another person;

Has not been disclosed in a written publication more than one year prior to filing date; and

Has not been offered for sale more than one year prior to filing date.

Trademark Term is…

Forever, as long as the mark is used, an affidavit is filed at five years about continued use, and renewal fees are paid every ten years to the government.

Copyright Term is…

95 years from first publication or 120 years from creation, whichever is shorter, if applicant is a company.

Life + 70 years if owned by an individual.

Life + 70 years of last living author if it is a co-written work.

Chapter 17

The United States Federal Trademark Application Process

How does a company decide to file on any trademark?

Step 1 – Identify the trademarks of the company.

By looking at catalogs, trade show materials, advertisements, letterheads, and other promotional vehicles, it is simple to figure out the trademarks, names, logos, slogans, colors, sounds, and icons already being used by a company.

Step 2 – Classify the marks by importance.

It is important to classify marks based on value to the company. For example, if the company name is not well known, but the name of a product is clever and well known, such as “Weed Wacker™”, then it is wise to protect the product name federally, and if the federal registration might run into trouble, protect the name with a group of state trademark filings.

Step 3 – Classify again, the marks based on years of use.

Generally marks that have been used at least five years by a company are more valuable than the name created last week.

File for federal trademarks on names, logos, and slogans that have been used at least five years as a first step, and then clever names, logos, and slogans next.

Step 4 – Locate “specimens”.

The owner of the mark needs to show the mark associated with the service or good to which it relates. The U.S. Patent and Trademark Office prefers to have three specimens of a mark in its files before it will issue the monopoly on the trademark.

Step 5 – Identify the broadest possible scope for the mark.

Proper scope of the trademark filing is important. For example, if the mark is for an “orthopedic hospital” then the mark probably should not be registered for orthopedic medical services, but for “medical services.” Similarly, a mark for a meter should not be limited in scope to “meters” but should be for “instruments”, which is a broader term, yet equally correct to identify the goods associated with the mark.

Step 6 – Locate the date of first use anywhere for the mark.

This is simple. Determine the year, and if possible the month, that the mark was first used anywhere in affiliation with the specific "scope" that has been identified for the mark.

Step 7 – Locate the date of first use in interstate commerce.

Interstate commerce is defined as commerce between the U.S. and a foreign country or between two states, such as Texas and Oklahoma. To obtain a federal trademark, there must be provable interstate use. Otherwise the applicant should simply apply for one or more state trademarks for the state in which use occurred.

Step 8 – Review the case with an experienced trademark specialist.

Have the patent and trademark attorney draft the trademark application, which has an oath that the applicant has a "bona fide intent to use the mark in commerce in association with the goods or services so identified". Obtain the signature of an officer of the company filing the application, and pay the filing fee, while simultaneously submitting the specimens, indicating the dates of first use ever and the dates of first use across state lines.

Step 9 – Obtain the filing receipt

The filing receipt proves the government received the case. Generally, an applicant will receive a filing receipt approximately six months after filing. The filing receipt will include the serial number of the application. The USPTO then generally examines the case and writes an "office action", which is a refusal, within six to seven months from filing the application.

Step 10 – Obtain the First Office Action

The USPTO examines trademarks and provides an examination report that typically has numerous rejections, such as likelihood of confusion, lack of distinctiveness, being generic and so on.

Step 11 - File a Response to the Office Action.

Respond to an office action transmitted from an Examiner of the trademark within the three- month window of time. A reply in writing is required within three months.

However, the total time for an application to be processed may be anywhere from almost a year to several years, depending on the basis for filing, and the legal issues which may arise in the examination of the application.

Step 12 – Review Notice of Publication.

Review the Notice of Publication of the trademark for mistakes in typing, in scope, and in ownership once the government has approved the registration of the mark.

Step 13 – The Registered Mark

Review the Registered Trademark with the gold seal once it issues for mistakes in scope or in name of the owner.

Step 14 – File Affidavit to create an "incontestable" mark in five years

At five years from registration, an affidavit should be filed that shows continued use of the mark with the particular good or service.

Step 15 – Pay Renewal Fees

Every 10 years a fee must be paid, specimens supplied, and an averment that the mark is in continued use made in order to keep the monopoly in force.

Please note that all U.S. applicants for trademarks can file

1) Actual use trademarks, wherein the owner has had an actual sale across state lines or out of the country for the good or service indicated with the mark, and;

2) Intent to Use trademarks, wherein the owner has had no sale, but intends to use the mark in association with the indicated goods or services.

STEPS FOR A TYPICAL TRADEMARK APPLICATION

Step 1: Prepare draft of Trademark/Service Mark application to file at the USPTO

Step 2: About two months later receive filing receipt from USPTO, review for foreign filing license, docket case, and forward filing receipt to Client.

Step 3: About nine months from Step 2 receive refusal termed “Office Action” from USPTO, docket and forward to client with quote to draft the Response to USPTO

Step 4: Draft Response and file within six months of mailing date of the Office Action from the USPTO to avoid abandonment of case.

Step 5: About six months from Step 4 receive Notice of Publication in Official Gazette, review, docket and send to Client.

Step 6: About six months from Step 5 receive Notice of Allowance, review, docket for Intent to Use, draft Statement of Use document for client signature and forward to Client.

Step 7: About four months from Step 6 receive printed Trademark Registration, review, docket and forward to Client.

Step 8: File a Section 8 and Section 15 Incontestability Affidavit between the fifth and sixth year after the Trademark Issue date.

Step 9: File a Section 8 and 9 Renewal Affidavit every ten years from the Trademark Issue Date.

Trademark Affidavits of Use

For a trademark registration to remain valid, an Affidavit of Use ("Section 8 Affidavit") must be filed and a fee paid between the fifth and sixth year following registration.

Trademark Renewals

Before the end of every 10 year period after the date of registration the registrant must also file a §9 renewal application (see Step 9) and pay a fee.

Chapter 18

Trademark Rejections and Overcoming Them

Will the trademark application get rejected?

Yes. The federal government initially refuses most applications.

What are "Grounds for Refusal"?

There are many Grounds for Refusal

1.) *The proposed mark does not function as a trademark.*

The Applicant must show use of the mark with the goods or service.

Not all words, names, symbols or devices function as trademarks. For example, a word which is merely the generic name of the goods on which it is used cannot be registered.

It would be impossible to file a trademark for “chair” for “chairs”.

2.) *The proposed mark consists of deceptive matter.*
The mark confuses the public about the origin of the goods and services.

Make sure the mark clearly indicates origin and won’t be confused with someone else.

3.) *The proposed mark may falsely suggest a connection with persons (living or dead), institutions, beliefs, or national symbols.*

Avoid using a name that is famous and belongs to some one else.

4.) *The proposed mark consists of a flag or coat of arms, or other insignia of the U.S., of any State or municipality, or of any foreign nation.*

Avoid the U.S. flag for a mark, avoid State flags in marks.

5.) *The proposed mark consists of a name, portrait, or signature identifying a particular living individual, except by that individual's written consent.*
The written release should be dated, signed, have a term of use statement, and indicate they have received compensation for the consent to use their name, portrait, or signature.

Avoid using Elvis Presley’s image for anything.

6.) *The proposed mark consists of a name, signature, or portrait of a deceased President of the United States, during the life of his widow, if any, except by the written consent of the widow.*

Although some folks are tempted to use Bush’s picture in marks, avoid it at all costs.

7.) *Descriptive – the mark is descriptive of the goods or is primarily geographically descriptive or deceptively geographically descriptive of applicant's goods or services*.

If it's made in Texas, don't say it's from Louisiana.

The Exception

Please note there is an exception to this rule if the company has sales using a "descriptive" word as a trademark for more than five years.

8.) *The proposed mark is primarily merely a surname*.

Use Webster's definition of 'surname' and avoid first names.

9.) *There is a likelihood of confusion between the mark of the pending application and the registered or pending application of another party.*

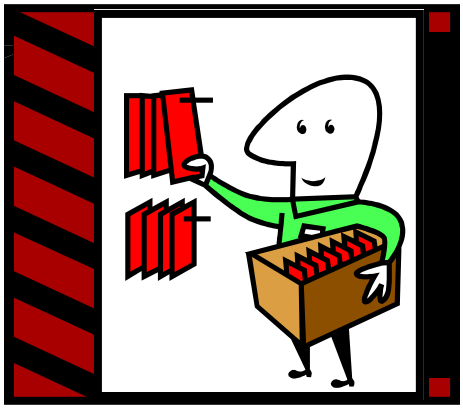
This rejection occurs when the USPTO believes a mark will be confused with another's mark.

If the company is in the camera business and it wants to file for the mark "KODAK QUICK CAMERAS," this filing will not succeed because the use of the name "KODAK" would cause confusion in the camera industry with the company having that name with a home office in Rochester, New York, that already has registered trademarks for the mark for cameras.

As another example, if the company wanted to use the word "STARMAN" for a software program, and the mark "STARWOMAN" is registered for software programs, the government is likely to deny the registration on the basis of there being a likelihood of confusion with the STARWOMAN trademark.

Chapter 19

The Trademark Classes - One Filing Does NOT Cover All



The individual states and the Federal Government classify trademarks into 45 different classes. This means that the average business must file between three and five of these classes to protect their name, mark, company logo, or their company slogan.

Products can usually be filed in one class.

Services tend to be filed in classes 42 and 41, and even in 35 for most businesses. Most businesses file in two or three of the 45 classes of goods or services for word marks, one class for a logo mark, and one class for a color mark – for a total of five filings, one filing per class.

5 Exemplary filings for an engineering design firm:

- **Filing #1** for the engineering/design services for others:
  The engineering company would usually protect their name or a particular service they offer.

- **Filing #2** for training service:
  Since the engineering companies may have to provide training to their customers they may also protect their name in that class.

- **Filing #3** for software provided by the engineering company for customer use:
  The engineering company may provide software to help the customers. They may file to protect the name for software.

- **Filing #4** for company colors in the class related to consulting or engineering/design services; and

- **Filing #5** for the company logo in the same class related to consulting or engineering design services.

45 Classes of Trademarks

The 45 classes within which a company can file in to protect its product names, its services' names and even the company name is extensive. The class and information regarding each is listed below.

CLASS 1 (Chemicals)
Chemicals used in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; manures; fire extinguishing compositions; tempering and soldering preparations; chemical substances for preserving foodstuffs; tanning substances; adhesives used in industry.

CLASS 2 (Paints)
Paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; colorants; raw natural resins; metals in foil and powder form for painters, decorators, printers and artists.

CLASS 3 (Cosmetics and cleaning preparations)
Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.

CLASS 4 (Lubricants and fuels)
Industrial oils and greases; lubricants; dust absorbing, wetting and binding compositions; fuels (including motor spirit) and illuminants; candles and wicks for lighting.

CLASS 5 (Pharmaceuticals)
Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.

CLASS 6 (Metal goods)
Common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores.

CLASS 7 (Machinery)
Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; and incubators for eggs.

CLASS 8 (Hand tools)
Hand tools and implements (hand-operated); cutlery; side arms; razors.

CLASS 9 (Electrical and scientific apparatus)
Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signaling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus.

CLASS 10 (Medical apparatus)
Surgical, medical, dental and veterinary apparatus and instruments, artificial limbs, eyes and teeth; orthopedic articles; suture materials.

CLASS 11 (Environmental control apparatus)
Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.

CLASS 12 (Vehicles)
Vehicles; apparatus for locomotion by land, air or water.

CLASS 13 (Firearms)
Firearms; ammunition and projectiles; explosives; fireworks.

CLASS 14 (Jewelry)
Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewelry, precious stones; chronological and chronometric instruments.

CLASS 15 (Musical Instruments)
Musical instruments.

CLASS 16 (Paper goods and printed matter)
Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks.

CLASS 17 (Rubber goods)
Rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes; plastics in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, not of metal.

CLASS 18 (Leather goods)
Leather and imitations of leather and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, and harness equipment.

CLASS 19 (Nonmetallic building materials)
Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal.

CLASS 20 (Furniture and articles not otherwise classified)
Furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics.

CLASS 21 (Housewares and glass)
Household or kitchen utensils and containers; combs and sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes; steel-wool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes.

CLASS 22 (Cordage and fibers)
Ropes, string, nets, tents, awnings, tarpaulins, sails, sacks and bags (not included in other classes); padding and stuffing materials (except of rubber or plastics); raw fibrous textile materials.

CLASS 23 (Yarns and threads)
Yarns and threads, for textile use.

CLASS 24 (Fabrics)
Textiles and textile goods, not included in other classes; bed and table covers.

CLASS 25 (Clothing)
Clothing, footwear, headgear.

CLASS 26 (Fancy goods)
Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.

CLASS 27 (Floor coverings)
Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile).

CLASS 28 (Toys and sporting goods)
Games and playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees.

CLASS 29 (Meats and processed foods)
Meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables,

jellies, jams, compotes; eggs, milk and milk products; edible oils and fats.

CLASS 30 (Staple foods)
Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice.

CLASS 31 (Natural agricultural products)
Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt.

CLASS 32 (Light beverages)
Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages. Class 32 includes mainly non-alcoholic beverages, as well as beer.

CLASS 33 (Wine and spirits)
Alcoholic beverages (except beers).

CLASS 34 (Smokers' articles)
Tobacco; smokers' articles; matches. This class includes in particular: tobacco substitutes (not for medical purposes).

CLASS 35 (Advertising and business)
Advertising; business management; business administration; office functions.

Class 35 includes mainly services rendered by persons or organizations principally with the object of:

1.) help in the working or management of a commercial undertaking, or

2.) help in the management of the business affairs or commercial functions of an industrial or commercial enterprise, as well as services rendered by advertising establishments primarily undertaking communications to the public, declarations or announcements by all means of diffusion and concerning all kinds of goods or services.

This Class includes, in particular:

- the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods; such services may be provided by retail stores, wholesale outlets, through mail order catalogues or by means of electronic media—for example: through websites or television shopping programs.

- services consisting of the registration, transcription, composition, compilation, or systematization of written communications and registrations, and also the compilation of mathematical or statistical data;

- services of advertising agencies and services such as the distribution of prospectuses, directly or through the post, or the distribution of samples. This class may refer to advertising in connection with other services, such as those concerning bank loans or advertising by radio.

CLASS 36 (Insurance and financial)
Insurance; financial affairs; monetary affairs; real estate affairs.

Class 36 includes mainly services rendered in financial and monetary affairs and services rendered in relation to insurance contracts of all kinds.

This class includes in particular:

- services relating to financial or monetary affairs comprised of the following:
    (a) services of all the banking establishments, or institutions connected with them such as exchange brokers or clearing services;
    (b) (b) services of credit institutions other than banks such as co-operative credit associations, individual financial companies, lenders, etc.;
    (c) services of "investment trusts," of holding companies;
    (d) services of brokers dealing in shares and property;
    (e) services connected with monetary affairs vouched for by trustees;
    (f) services rendered in connection with the issue of travelers' cheques and letters of credit;

- services of realty administrators of buildings, (i.e., services of letting or valuation, or financing);

- services dealing with insurance such as services rendered by agents or brokers engaged in insurance, services rendered to insured, and insurance underwriting services.

CLASS 37 (Building construction and repair)
Building construction; repair; installation services.

Class 37 includes mainly services rendered by contractors or subcontractors in the construction or making of permanent buildings, as well as services rendered by persons or organizations engaged in the restoration of objects to their original condition or in their preservation without altering their physical or chemical properties.

This class includes in particular:

- services relating to the construction of buildings, roads, bridges, dams or transmission lines and services of under takings specializing in the field of construction such as those of painters, plumbers, heating installers or roofers;
- services auxiliary to construction services like inspections of construction plans;
- services of shipbuilding;
- services consisting of hiring of tools or building materials;
- repair services, i.e. services which undertake to put any object into good condition after wear, damage, deterioration or partial destruction (restoration of an existing building or another object that has become imperfect and is to be restored to its original condition);
- various repair services such as those in the fields of electricity, furniture, instruments, tools, etc.;
- services of maintenance for preserving an object in its original condition without changing any of its properties (for the difference between this Class and Class 40 see the Explanatory Note of Class 40).

CLASS 38 (Telecommunications)
Telecommunications.

Class 38 includes mainly services allowing at least one person to communicate with another by a sensory means. Such services include those which:

1.) allow one person to talk to another,

2.) transmit messages from one person to another, and

3.) place a person in oral or visual communication with another (radio and television).

This class includes in particular:

- services which consist essentially of the diffusion of radio or television programs.

CLASS 39 (Transportation and storage)
Transport; packaging and storage of goods; travel arrangement.

Class 39 includes mainly services rendered in transporting people or goods from one place to another (by rail, road, water, air or pipeline) and services necessarily connected with such transport, as well as services relating to the storing of goods in a warehouse or other building for their preservation or guarding.

This class includes in particular:

- services rendered by companies exploiting stations, bridges, rail-road ferries, etc., used by the transporter;

- services connected with the hiring of transport vehicles;

- services connected with maritime tugs, unloading, the functioning of ports and docks and the salvaging of wrecked ships and their cargoes;

- services connected with the functioning of airports;
- services connected with the packaging and parceling of goods before dispatch;
- services consisting of information about journeys or the transport of goods by brokers and tourist agencies, information relating to tariffs, timetables and methods of transport;
- services relating to the inspection of vehicles or goods before transport.

CLASS 40 (Treatment of materials)
Class 40 includes mainly services not included in other classes, rendered by the mechanical or chemical processing or transformation of objects or inorganic or organic substances.

For the purposes of classification, the mark is considered a service mark only in cases where processing or transformation is effected for the account of another person. A mark is considered a trade mark in all cases where the substance or object is marketed by the person who processed or transformed it.

This class includes in particular:

- services relating to transformation of an object or substance and any process involving a change in its essential properties (for example, dyeing a garment); consequently, a maintenance service, although usually in Class 37, is included in Class 40 if it entails such a change (for example the chroming of motor vehicle bumpers);

- services of material treatment which may be present during the production of any substance or object other than a building; for example, services which involve cutting, shaping, polishing by abrasion or metal coating.

CLASS 41 (Education and entertainment)
Education; providing of training; entertainment; sporting and cultural activities.

Class 41 covers mainly services rendered by persons or institutions in the development of the mental faculties of persons or animals, as well as services intended to entertain or to engage the attention.

This class includes in particular:

- services consisting of all forms of education of persons or training of animals;

- services having the basic aim of the entertainment, amusement or recreation of people;

- presentation of works of visual art or literature to the public for cultural or educational purposes.

CLASS 42 (Computer and scientific)
Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

Class 42 includes mainly services provided by persons, individually or collectively, in relation to the theoretical and practical aspects of complex fields of activities; such services are provided by members of professions such as chemists, physicists, engineers, computer programmers, etc.

This class includes in particular:

- the services of engineers who undertake evaluations, estimates, research and reports in the scientific and technological fields;

- scientific research services for medical purposes.

CLASS 43 (Hotels and restaurants)
Services for providing food and drink; temporary accommodation.

Class 43 includes mainly services provided by persons or establishments whose aim is to prepare food and drink for consumption and services provided to obtain bed and board in hotels, boarding houses or other establishments providing temporary accommodation.

CLASS 44 (Medical, beauty & agricultural)
Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

Class 44 includes mainly medical care, hygienic and beauty care given by persons or establishments to human beings and animals; it also includes services relating to the fields of agriculture, horticulture and forestry.

CLASS 45 (Personal)
Legal services; security services for the protection of property and individuals; personal and social services rendered by others to meet the needs of individuals.

This class includes in particular:

- services rendered by lawyers to individuals, groups of individuals, organizations and enterprises;

- investigation and surveillance services relating to the safety of persons and entities;

- services provided to individuals in relation with social events, such as social escort services, matrimonial agencies, or funeral services.

Chapter 20

A Checklist of Activities to Identify Names, Logos, and Slogans

Trademarks, whether registered or not, whether state or federal, operate as

(1) assets of the company,

(2) protectors of market share of the company, and

(3) tools for obtaining licensing revenue from others.

Use the following checklist of activities to help identify trademarks of a company.

[ ] Review the Company stationary

- Identify the name of the Company
- Identify the logo of the Company
- Identify the slogans used by the Company
- Identify colors used by the Company
- Does the stationary mention the goods or services of the Company? Yes? The stationary may act as a “specimen” for trademark filing purposes.

[ ] Study the Company website

- Identify names of products made by the Company
- Identify products sold by the Company under a special name
- Identify names of services offered by the Company
- Identify slogans used with certain products and services on the website
- Identify additional logos used with products or services of the Company
- Verify the colors used are the same as the colors on the stationary
- Identify icons used in association with a product or service
- Identify characters used with certain products or services (like a “Bugs Bunny™”)
- Identify sounds used in association with a good or service
- Identify unique animation used with a good or service

[ ] Examine the Company directory

- Identify Product names by division of the Company
- Identify specially named Services for divisions of the Company

Even if a division of the Company is not known for original creation of devices, or no division does manufacture, that division may still provide trademarks which are valuable corporate assets.

[ ] Consult with the Company Marketing Department

- Identify products and services they are offering
- Identify products and services they would like to offer
- Obtain the names of countries that products are being offered in
- Verify that someone filed the trademarks in those countries

A Madrid Protocol filing or a Community Mark filing can be done to obtain foreign trademark filing if protection in more than 1 country is needed.

[ ] Meet with Company Technical Support

- Identify products and services Technical Support is offering to customers

Sometimes technical support people create names for certain procedures they use over and over again to fix customer problems. These names can be trademarks.

- Identify unique software that is used routinely with customers

Often technical support people write unique code or interfaces for customers. These interfaces could be trademarked.

- Identify technical support that repeats a pattern

Often technical support people put their fingerprints on code, enabling identification of the code to a certain programmer. These “fingerprints” may in fact be a trademark of the Company, not a signature of the individual programmer.

Chapter 21

Proper use of Trademark™ and Registered®

The United States Patent and Trademark Office (USPTO), based in Alexandria, Virginia, is the only source for a federal trademark, which covers all 50 states and territories under U.S. jurisdiction.

Federal trademarks are important to businesses which conduct commerce across state lines or outside the U.S.; in other words, ones engaged in interstate commerce

Each state in the U.S., such as Texas, Florida, and California, has a state trademark office which grants a state trademark within its jurisdiction. The use of the TM and the SM (service mark) symbols may be governed by local, state, or foreign laws to identify the marks that a party claims.

These state trademarks are useful for businesses which do not do business via the Internet and do not have interstate business. Restaurants, car washes, and dry cleaners typically prefer state trademarks over federal trademarks.

™ means "Trademark" and indicates that the owner is using the word or design as a trademark. It is commonly used prior to registration with the USPTO. (Similarly, "SM" denotes a service mark.)

The “R” in a circle symbol (®) indicates that the trademark is registered in the U.S. with the USPTO.

If an application is pending the registration symbol “R” in a circle may **not** be used before the mark has actually become registered. Such wrongful use is considered fraud.

The federal registration symbol should only be used on goods or services that are the subject of the federal trademark registration. Marking the wrong goods with the federal symbol of the “R” in the circle is also fraud.

PLEASE NOTE: Several foreign countries use the “R” in a circle to indicate that a mark is registered in that country.

Use of the symbol by the holder of a foreign registration may be proper in that country, but indicating registration has occurred in a country when in fact, no registration has occurred is again, fraud.

Chapter 22

Benefits of Federal Trademark s

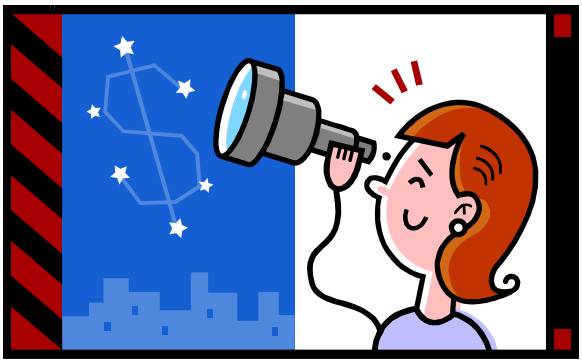
Federal trademark registration has several benefits.

Federal Trademark Registration serves as:

- Constructive notice nationwide of the trademark owner's claim.
- Evidence of ownership of the trademark.
- Use to invoke the jurisdiction of Federal courts rather than State courts.
- Use as a basis for obtaining trademark registration in foreign countries.
- Recognition by the U.S. Customs Service to prevent importation of infringing foreign goods or services with the same mark.

Chapter 23

Trademark Watching Services



A trademark watching service can warn the company of possible infringements of its trademarks and can enable the company to prevent registration of conflicting trademarks in the United States, and over 200 other countries.

The trademark watching service will search the USPTO's *"Trademark Official Gazette"* to identify any potential conflicts with the company's trademark.

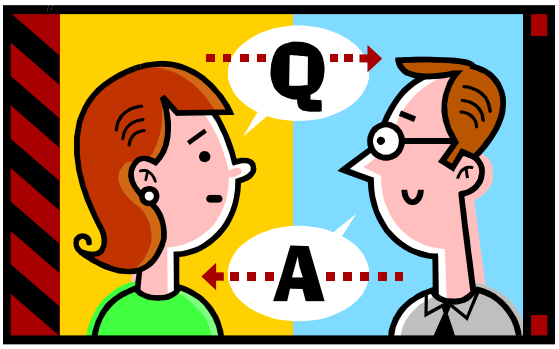
The trademark watching service will provide the company's trademark counsel with a "watch notice" when a potentially conflicting trademark application is published.

A "watch notice" identifies the application and trademark sought to be registered, and provides the name and address of the application's owner together with other information.

It is recommended to have a watch service on the most important product name or service of the company, as well as the company name, if the company has over 200 employees.

Chapter 24

Take the Trademark Quiz ...



1.) Provide at least three types of things that can be used as trademarks:

A. _____

B. _____

C. _____

2.) Please fill in the blank:

"A trademark identifies and distinguishes the _____ of one party from those of others."

3.) How many classes of trademarks exist?_____

4.) What is the difference between a state trademark and a federal trademark?

_____

_____

5.) List two benefits from obtaining a federal trademark registration:

A._____

B._____

6.) Identify the class for the following goods and/or services:

Printed matter, namely: calendars, journals, photographs, stationery, playing cards and books: ____

CDs, DVDs, calculating machines, data processing equipment and computers:

____

Clothing, namely: t-shirts, sweaters, pants; footwear, namely sandals and shoes; and headgear, namely hats and baseball caps:

____

Educational services, namely: seminars and instructional courses: ____

Business management and advertising services: ____

7.) List two common rejections cited by the trade mark examiner for not approving a federal trademark application for registration:

A. _____

B. _____

8.) What is the proper trademark notice of a federally registered trademark or service mark?

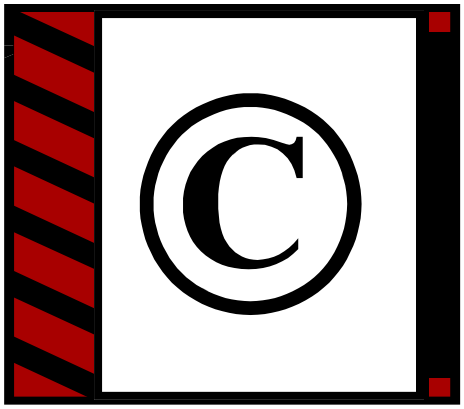
_____

9.) What is the proper trademark notice to indicate that an owner is claiming rights to a trademark prior to registration with the USPTO?

_____

Chapter 25

Six Types Of Copyrightable Works



Number 1 - Software

Copyrights occur when an expression has been placed in a “fixed medium”.

The term “fixed in a medium” means the copyrightable material is in some kind of permanent form, such as printed on paper, saved on electronic or magnetic media, or placed in media that otherwise makes the work permanent in some way. For example, extemporaneous speaking is not “fixed”, but if such speech were recorded on video, then it would be “fixed”.

A work can be fixed by saving the work to a “jump” drive.

Software is a copyrightable expression:

- As computer instructions for a processor to undertake a series of steps;
- As a software interface;
- As software usable in the back office of a company;
- As software usable as a tool to create a custom product for a customer; and
- As software that pulls several processors together.

To create more assets for a company and more marketing tools, consider:

- Identifying software for use internally at the company,
- Identifying software for license to customers,
- Identifying software interfaces, and
- Identifying software that performs as a tool of the company to produce product for one or more customers.

Software can be federally registered using the TX form at the Library of Congress.

Software can be federally registered as a copyright while claiming the work is a trade secret if proper steps are taken to register the software as a trade secret—a process that is different from the conventional – fill out the form and provide a copy of the work process. The steps for registering a copyright can be found at www.loc.gov (and following the links for the Registrar of Copyrights).

Number 2 – Advertising materials

Advertising material can be copyrighted.

Advertising material can be ads for print media, ads for websites, advertising flyers, advertising collateral pieces, and ads for non-print media like radio and television.

Advertising material can include the scripts for the non-print media.

Advertising material can include material used for endorsements of company product from celebrities and others.

Identify whether the company has anyone that creates advertisements, ad copy, or other marketing materials.

Number 3 – The Website

Most websites have some copyrightable subject matter.

A copyrightable website can be as short as one page or several pages in length.

The website typically contains graphics, which can be drawings or photographs. These items may be copyrightable subject matter.

A photograph of the company facility is usually copyrightable subject matter. A drawing of a tool of a company is usually copyrightable subject matter. Both of these images are often found on company websites.

Text, originally written, is copyrightable subject matter.

Registered copyrights are good for 95 years from first publication or 120 years from creation, whichever is shorter, if the applicant is a company, or for an individual the copyright term is for the life of the creator plus 70 years. In the event the work is prepared by two or

more authors, the term would last for 70 years after the last surviving author's death.

Website copyright protection can be filed for the entire website, including all pages, headers and graphics, and including a Company catalog. Website protection can be registered in pieces. For example, one registration can be for text of the website, another registration for all the photographs on the website, and a third registration can be for a single graph on the website. Additional examples of such segmented registrations with the Library of Congress include filing on an animation used on the website, filing on an original cartoon character used on the website, filing on a voice over used on a website, and filing on a map showing drill sites on the website.

Since each filing is only $45, it is recommended to make several filings, not just one filing.

Number 4 – Instruction manuals or other technical manuals

Instruction manuals are copyrightable subject matter in the original text, the layout, the look and feel of the manual, charts and graphs originally created and used in the manual, and, of course, photographs, if any are used in the manual.

A manual with a chart showing the steps of a unique process is copyrightable subject matter.

An instruction manual with graphs showing expected results from performing different steps of the process in different orders is copyrightable subject matter.

Photos of different tools operable using the manual are copyrightable, individually or in groups.

Presentations of "screen shots" for software to which the manual relates are also copyrightable subject matter.

Most companies have many instruction manuals. By identifying each manual, a filing can be made on each one separately. Each manual can have several filings, particularly if important graphs were created for each manual.

Number 5 – Databases

Databases are copyrightable. Each module of a database is separately copyrightable as its own expression.

A database that provides offshore rig work-over rates is copyrightable. If that database also provides equipment information, that equipment section of the database is also copyrightable. If yet another section of the database provides equipment rental information, that rental module is also copyrightable. The database may have drawings, each of which or a group of which can be copyrighted as well.

SQL type searchable help databases on operating a piece of software are examples of databases that can contain trade secrets and be copyrightable subject matter.

Number 6 – Various Employee created Product, including Presentations

Videos, films, books, articles, newsletters, awards, paintings, cartoon strips, and tools for use in the company, such as customer appreciation programs, are copyrightable subject matter.

Employees often create celebratory videos for customer meetings, and these videos are copyrightable.

Employees sometimes create booklets or even books for use in the company or as marketing tools, and these books and booklets are copyrightable subject matter.

Articles, white papers, and reports that perform analysis, such as gap analysis reports, are copyrightable subject matter.

Powerpoint™ presentations are copyrightable subject matter.

Newsletters and brochures for use with customers are copyrightable subject matter.

Employees' morale building tools are copyrightable subject matter.

Copyrighted tools can be licensed between subsidiaries of a company or be licensed to customers or other third parties not related to the company for fees, called "royalties," or for some other kind of compensation, such as product, test results, or analytical services.

Copyrightable subject matter can be found throughout a company and once identified, like patents and trade-marks, is an asset, licensable, and usable to defend market share of the company.

U.S. registered Copyrights provide three benefits not otherwise available against infringers for non-registered copyrightable materials:

- A minimum statutory damage without having to prove the owner of the copyright was damaged,

- Attorney fees for the owner of the copyright, and

- A jail sentence in "Club Fed" – specifically, one to five in jail if over 10 copies were made in 180 days, and the aggregate value of the copies made exceeds $2500 U.S. Dollars.

Chapter 26

Fair Use Exemptions to Copyright Infringement

Federal statute 17 U.S.C. § 107, entitled “Limitations on exclusive rights: Fair use” states:

"Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

- The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- The nature of the copyrighted work;
- The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- The effect of the use upon the potential market for or value of the copyrighted work."

In addition there are 4 basic exemptions to copyright infringement, namely:

1.) Comments and criticism
2.) Parody
3.) News reporting, and
4.) Teaching, scholarship & research.

Chapter 27

Ten Easy Steps To Identify Secrets that Provide a Commercial Advantage to a Business

Step 1
Identify processes that may be unique to the business
Example: Identify ways to operate equipment that are faster than competitors.

Step 2
Identify source code unique to the company
Example: Control software for machines made by the company.

Step 3
Identify methods of fixing operating equipment which may be unique to the company.
Example: A three-step method instead of a four-step method to repair a faulty meter.

Step 4
Identify business information, such as customer names, cell phones, personal information, or contact management information that may be unique to the company.
Example: Identify lists maintained by the sales department of the cell phones of important customer contacts.

Step 5
Identify compositions created, such as paints, sealants, coatings that may be used in the company.
Example: Go through the shop area and ask if the material being sprayed onto housings is for equipment manufactured, and ask if the painters/sprayers improved the formulation, such as thinning it, thickening it, adding an emulsifier, or adding an additive that reduces static charge. Improved formulations are potentially patentable.

Step 6
Identify flow charts, diagrams, and similar schematics, figures, or drawings of the company.
Example: Engineers of the company and others that prepare proposals create new drawings that are property of the company. Identify those drawings, store them in a special place, and consider copyrighting them as well.

Step 7
Identify all secrecy agreements signed by the company.
Example: Secrecy agreements with customers and agreements with vendors. Also identify agreements with employees.

Step 8
Identify all license agreements signed by the company either licensing in or licensing out of the company.
Example: The company signed a license agreement to use special code developed by a University for use in an experiment of the company to prove its product works.

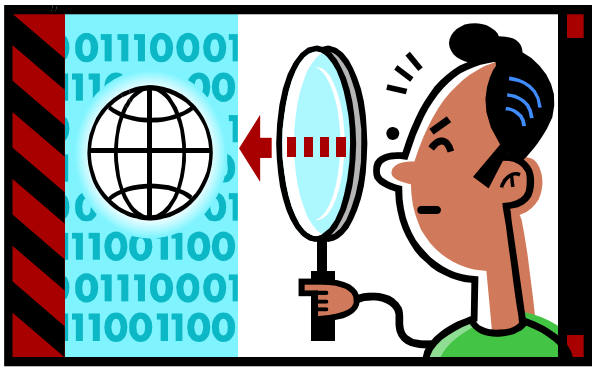
Step 9
Identify safety processes that may be unique to the company.
Example: Go through work areas and look for employee created safety devices or processes, such as a set of procedures for storing certain kinds of epoxies.

Step 10
Identify maintenance processes that may be unique to the company.
Example: The Company uses a certain gas mixture to refill tanks used in compressors, which makes the refill less expensive and safer.

All these ideas can be trade secrets, they may be patentable, and they may even be copyrightable.

Chapter 28

International Intellectual Property



Choices, choices, what to do with international filings?

PCT applications for inventions
The PCT Application is an application under the Patent Cooperation Treaty that enables a U.S. owner of a patent application to file in the U.S., with the international authority, a version of a U.S. originating application, and start an international search and examination process that is used by over 120 countries.

This process enables the owner to start one filing and keep pending, for about 30 months, an international version of a U.S. Case.

The PCT authority provides a set of very specific rules to complete the international application process. Once the PCT authority is finished, the owner must complete applications in any individual countries in which the owner desires patent protection, but those countries recognize the search and examination provided from the international authority without having to redo the process.

Regrettably, if the owner does not succeed with the PCT authority, it will be very difficult to succeed on an individual country basis.

Alternatively, if the owner has succeeded in obtaining a Notice of Allowance from the USPTO, the U.S. PCT authority can not ignore this and will use the findings, in its own determination, when considering the application before it.

The fees to start the PCT process to preserve rights in over 120 countries will run less than $20,000 for the entire 30 month period, if the U.S. application is already written and filed by a patent attorney.

National filings

Most countries have patent offices or at least receiving sites. A patent procedure can be started in those countries, provided a “foreign filing license” has first been obtained from the U.S. Patent and Trademark Office.

Usually, foreign filing licenses are granted by the government automatically, and the filing receipt, which is provided in about 60 days, has the indication whether the foreign filing license has been granted or not. If an applicant fails to obtain a foreign filing license and files for the invention in another country without the license, then any corresponding US patent can be invalidated.

Regional filings, such as with the EPO

EPO stands for the European Patent Office, which does searching and examination for its member countries, all of which are part of the European Union, though not all European Union members have enacted laws to avail themselves of the EPO.
One filing secures rights in the member countries.

Other regional filings exist, including Andean Pact countries in South America. It is best to have a list of countries of interest, and then seek advice based on the list.

Helpful Resources

www.USPTO.gov

www.LOC.gov

www.LESI.org

www.AIPLA.org

www.INTA.org

www.BuskopLaw.com