

Protecting the Ideas: Issues in Intellectual Property

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Internet Issues

- Security / Trade Secret Issues
- Domain Name Issues
- Copyright Issues
- E-Commerce Patenting

Security Issues (1)

- Adequate Virus / SpyWare protection?
- For Intranets, make sure firewalls in place
- Lock up sensitive computers; perhaps detach from all networks
- Has a security audit been performed?
(e.g., by Integrity Networking Systems)
- I.E., business interruption risks minimized?

Security Issues (2)

- Encrypt sensitive email
- Pretty Good Privacy public key encryption (<http://web.mit.edu/network/pgp.html>)
- Certificates (<http://www.verisign.com>)

Security Issues (3)

- Recall that trade secret is anything held secret which grants a competitive advantage over competitors
- Watch for accidental exposure over Internet via Web Site or security glitch
- If it is no longer secret, it is no longer valuable

Domain Names (1)

- See ICANN Domain Name Dispute Policy at <http://www.icann.org/udrp/udrp.htm>
- Can initiate arbitration proceeding to seek to have domain transferred
- Issue usually boils down to presentation of “Evidence of Registration and Use in Bad Faith”, see subsection 4(b)

Domain Names (2)

- Cybersquatting
 - P.L. 106-113 (Dec. 1999), 15 U.S.C. § 1125(d)
 - Civil action for registering, trafficking in, or using a domain name with bad faith intent to profit from mark of another
 - Statutory damages of up to \$100,000 per domain name, plus attorney's fees (15 U.S.C. § 1117)

Domain Names (3)

- Domain name use a source of potential liability or business interruption
- Has defensive trademark search included domain names in use?
- Best to seek federal registration of domain name, both offensive and defensive
- Offensively register similar names (e.g., .net and .org, not only .com), misspellings

Domain Names (4)

- Certain popular foreign domains may also be wise to register (e.g., .to, .tv, .fm, .cc)
- New top-level domains soon to be released, including:
 - .biz (business)
 - .pro (professionals)
 - .aero (air transport)
 - .name (individuals)

Copyright Issues (1)

- Basic point to remember is that Internet is like the rest of the copyright world
- Copyrights apply on Internet as elsewhere
- But Internet has made infringement much easier to accomplish
- Do copyright registrations for websites
- Get warranty that no copying has occurred

Copyright Issues (2)

- With advent of MP3 compression and high access speeds, easier to distribute music
- Record companies are having to adjust (encryption / watermarking)
- Usually need to license from both songwriters (ASCAP / BMI / SESAC) and publishers (NMPA / Harry Fox Agency)

E-Commerce Patenting

- Federal Circuit opened door to “business method” patents, historically unpatentable
- An example is Amazon.com’s U.S. Patent No. 5,960,411 on its “one-click” checkout
- Barnes and Noble enjoined in *Amazon.com Inc. v. Barnesandnoble.com Inc.*, 1999 U.S. Dist. LEXIS 18660 (W.D. Wash.) during Holiday rush season (later overturned)

Foreign Protection Issues

- Copyright
- Trademark
- Patent

Foreign Copyrights

- Protection substantially internationalized, with no formalities needed (but using notice good idea, e.g., “© 2001 ABC, Inc.”)
- Most generally applicable treaty is the Berne Convention
- U.S. is unusual in requiring its citizens to register copyrights to get full advantages of infringement litigation

Foreign Trademarks

- Expect to spend \$2,000 per country for registrations
- Have most important markets been covered?
- U.S. recently acceded to Madrid Protocol, but has not yet implemented it -- will likely in long run smooth filings in multiple countries

Foreign Patents (1)

- Within one year of initial filing in U.S., file Patent Cooperation Treaty (PCT) application
- For about \$5,000, this buys 20 months to decide which countries in which to file
- Watch patent bars -- U.S. is unusual in granting one-year grace period after public disclosure, sale, or offer for sale

Foreign Patents (2)

- Extremely expensive, especially over long term
- Average costs for initial filing:
 - Europe and Japan, \$8,000
 - Canada and Australia, \$2,000
 - China (PRC), \$10,000
 - Korea, Mexico, \$6,000
- But can be very attractive in buyout

Good IP Portfolio? (1)

- No non-confidential disclosures of technology prior to patent application(s) (no “lingering gray clouds”)
- Mix of issued patent(s) as well as pending related application(s)
- Pending PCT application giving maximum flexibility as to world-wide rights

Good IP Portfolio? (2)

- Offensive (patentability) and Defensive (infringement) patent searches done
- Offensive trademark / domain name registrations in place or on file
- Defensive trademark searches performed

Good IP Portfolio? (3)

- Know-how / trade secrets in play with key personnel on board under strong employment agreement
- Relative certainty that employees did not pilfer trade secrets from prior employer
- Strong physical and computer security precautions in place and being updated and taken seriously