

Fitch, Even, Tabin & Flannery

FITCH EVEN TABIN & FLANNERY
INTELLECTUAL PROPERTY LAW | EST. IN 1859

The Perils of Paula

or:

*How I Learned to Love Intellectual
Property Rights*

Steven G. Parmelee

The Idea



- One afternoon, while baking cookies, Paula Pastures spilt some flour
- She used a vacuum cleaner to clean the kitchen while her cookies baked
- She then noticed that the cookies that had been baking at the time were incredibly delicious!

The Idea



- She experimented a bit more and discovered that she could only obtain this delicious result when using her vacuum cleaner during the baking process
- On the other hand, her second and third “delicious batches” were all different from one another with respect to *how* delicious they tasted

Timeout!



- In patent law, we might conclude that Paula has now conceived an invention
- The date of conception can be important under some circumstances
 - In the U.S. (at least for the time being) a patent for a given invention is supposed to go to the 1st person to invent it

The Idea

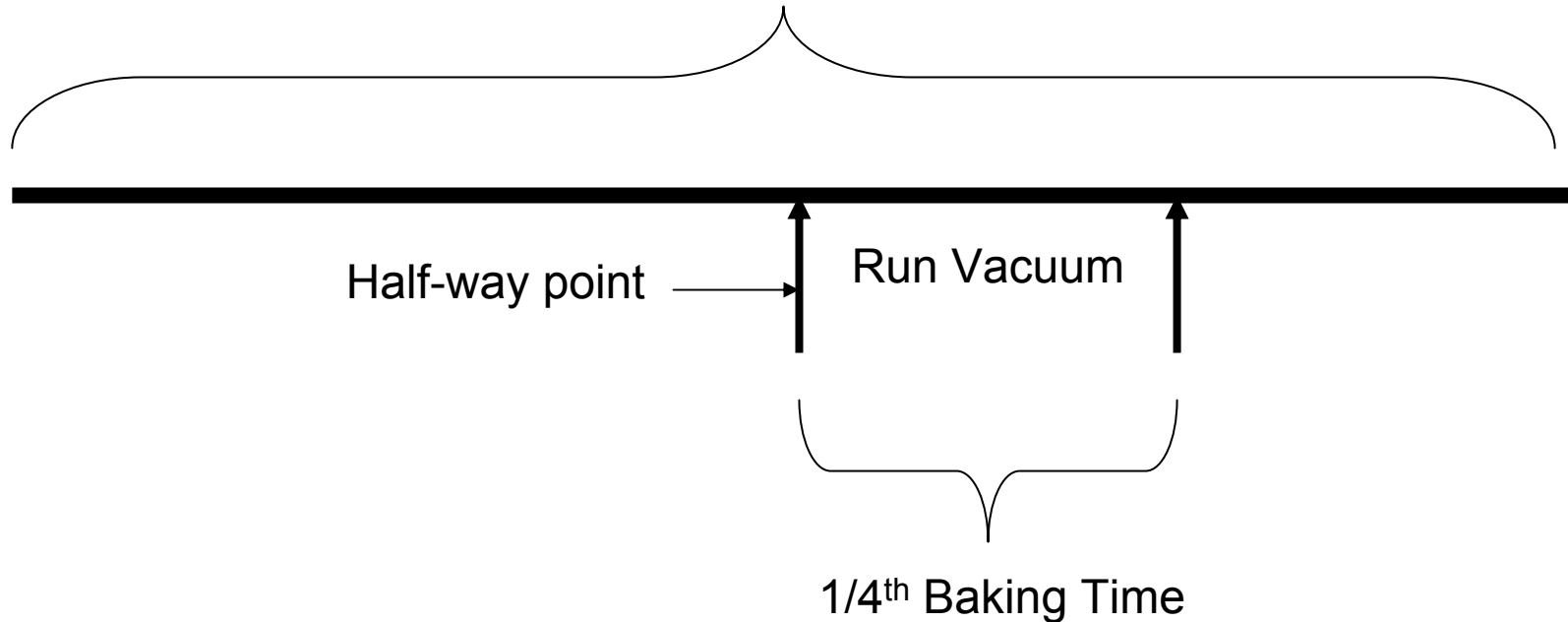


- Paula continued to experiment and discovered, through trial and error, the optimum times and ways to use the vacuum cleaner to obtain the best tasting cookies
 - Half-way through the baking time, run the vacuum cleaner within three to five feet of the cookies for a period of time equal to $1/4^{\text{th}}$ the total baking time

The Idea



Total Baking Time



Timeout!



- Paula has now probably reduced her invention to practice
 - “Reduction to practice” is a requirement under our patent laws, though there is an easy “out”
 - The date of achieving a reduction to practice can also be important when deciding who invented first

Timeout!



- Note:
 - Paula does not understand WHY her process works
 - Paula did not achieve her invention with great brilliance or insight – she made a mistake, noticed something by coincidence, and conducted a lot of experiments to find out what works
 - That's OK! Paula is an “Inventor”

The Poor Woman's Patent



- Paula realized that her discovery might be worth something
 - She decided to protect her idea by writing it down, putting it into a self-addressed envelope, and mailing it to herself
 - The stamp cancellation date, she had heard, could be used to prove that she was the inventor as of that date
-
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Timeout!



- Oops
- Sorry Paula, but the so-called poor man's patent carries little (or more often, no) weight in court when determining ownership or dates of inventorship
- It is just too easy to cheat!

Timeout!



- On the other hand, Paula's writing is a copyrightable work of authorship
- Essentially any original work of authorship (or work of art) is protectable by copyright
- Even better, her writing is *already* protected by copyright even if she fails to include a copyright notice on it
 - And her copyright rights will last for decades!

Timeout!



- So, just what does Paula's copyright get her?
- Copyright law gives Paula the right to control whether and how other people make or use a copy of her written disclosure
 - Simple copies, derivative versions, public performances, and so forth

Timeout!



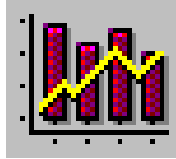
- Paula could also register her claim to copyright in this written disclosure
 - Government form
 - Government filing fee
 - Copies of the written disclosure
 - Send it all to the Library of Congress
- Registration offers some serious benefits
 - Statutory damages, attorney's fees, and an admission ticket to the courthouse

Timeout!



- Cheap, fast, and easy – sounds great! So, what's the catch?
- Copyright only protects the *expression* of an idea and not the idea itself
 - Someone reading her written disclosure is possibly free to start baking cookies using her described process
 - They are also likely free to express her process, using their own words, in a cookbook

A Marketing Plan!



- Paula decides that she isn't interested in running her own cookie business
- She writes a letter to the Giant Cookies Company (she's always loved the little animated magic toadstool cookie bakers they feature in their TV ads) and describes her process, asking them how much they would be willing to pay to use it

Timeout!



AHHhhhhh!



Timeout!



- First of all, Paula has now probably messed up her trade secret rights to her process
 - The courts will protect the confidentiality of information having some competitive value so long as the owner takes reasonable precautions to maintain that confidentiality
 - Once this horse is out of the barn it is very hard to get it back

Timeout!



- Trade secrets are protected by *keeping* the secret a “secret”
 - Do not share the secret with another who is not bound to maintain the secret
 - Non-disclosure agreements (also called confidentiality agreements) are used to establish such a relationship by contract
 - The courts will also sometimes enforce an implied confidential relationship

Timeout!



- Trade secrets can be a very important part of an overall intellectual property strategy
 - Coke's secret formula
 - KFC's 11 secret herbs and spices
- Businesses buy and sell confidential information all the time
- But once it becomes public . . .

Timeout!



- Second, Paula has also caused some interesting things to happen in patentland
 - Most countries outside the United States require that a patent application be filed prior to any public disclosure of the corresponding invention
 - Here, Paula's uncontrolled divulgation of her process details to a third party may have triggered the loss of her right to seek foreign patents

Timeout!



- Things don't happen that fast in the US



- Once a public disclosure happens **or** an offer to sell the invention occurs a one year clock starts to run
- Whether she knows it or not, Paula now likely has one year to file a US patent application or she will likely lose that opportunity as well

Disappointment



- The Giant Cookies Company writes back to Paula
 - They return her written description
 - They explain that they have a policy of not reviewing or considering outside idea submissions without the submitting party signing a non-confidentiality agreement
 - They provide a blank non-confidentiality agreement and instructions on how to submit it

Timeout!



- Paula is fortunate
- The Giant Cookie Company is behaving like a typical large US company so they are unlikely to steal her ideas (at least, in this particular way and at this particular time)

Timeout!



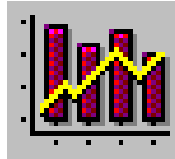
- Non-confidential disclosure agreements create a relationship that explicitly denies the existence of a confidential setting
- In short, trade secret rights, if any, are not “secrets” anymore
- Companies do this to try and remove the potential for someone to bring a theft of trade secret case against them

Paula's Timeout



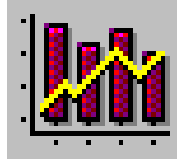
- Discouraged, Paula goes on with life for awhile and doesn't think much of her cookie process

Marketing Plan – Take 2!



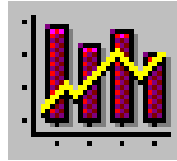
- Eventually, though, about a year later, Paula's entrepreneurial spirit re-asserts itself, and Paula begins to sell her cookies through a Yahoo website
- Things start slowly and Paula keeps up with her orders by baking her own cookies

Marketing Plan – Take 2!



- Paula also continues to experiment at home with her process
- She decides to try different brands of vacuum cleaners
 - For reasons she still doesn't understand, Dirt Devil brand vacuum cleaners yield cookies that are twice as delicious as the next best brand

Marketing Plan – Take 2!



- At about this time, www.bestcookies.com rates Paula’s cookies as “awesome” and gives her website its highest rating – 5 bites!
- Paula’s sales skyrocket
- To keep up with demand, Paula hires a local bakery to bake her cookies for her
 - This means, of course, that Paula teaches this local bakery about her vacuum cleaner process

Timeout!



- Should Paula probably have required the folks at this bakery to sign a non-disclosure agreement to require them to keep her baking process a secret?

Oh No!



- A worker at the bakery moves on to a new job . . . at the Giant Cookie Company
- The Giant Cookie Company has noticed Paula's success and high ratings from the bestcookies website and has been trying to figure out how she did it
- Can you guess what happens next?

More Oh No!



- The Giant Cookie Company introduces its new Xtreme cookie line (baked, of course, using Paula's vacuum cleaner technique)
- Giant Cookie's marketing power proves devastating!
- Paula's sales plummet

Finally!



- Paula sees her friendly neighborhood intellectual property attorney and relates all of the above details
 - She receives the bad news about her lost trade secret
 - She receives the bad news about how her copyright won't solve this problem
 - She receives the bad news about having lost the right to seek a patent for her basic process
-
-

Timeout!



- Are you starting to see why some people really don't like lawyers very much?

Finally!



- Paula *also* receives the *good* news that she *still* has time to seek a US patent for her *latest* vacuum cleaner improvement!

Timeout!



- Copyright is cheap and, at least to some extent, so are trade secrets
- Patents are not – it typically requires thousands of dollars to successfully acquire a patent
- Patents also typically takes years to acquire due to the substantive examination process

Timeout!



- Patentability tests
 - Useful
 - New
 - Unobvious

Useful



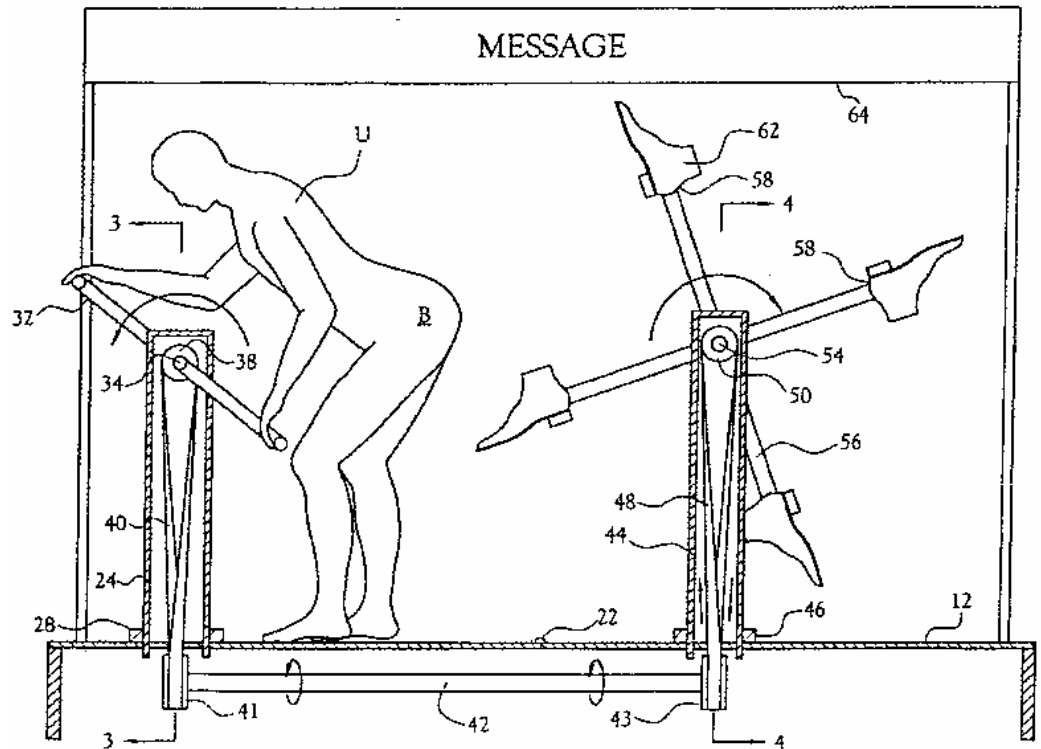
- Combined Ear Wax Remover and Toothpick



Useful



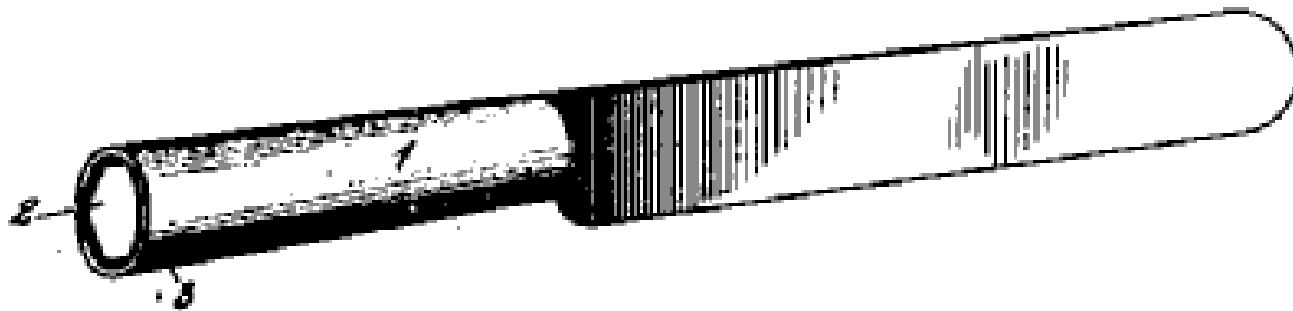
- User-Operated Apparatus for Kicking the User's Buttocks
- “Usefulness” is a relatively minor barrier to patentability



Novel

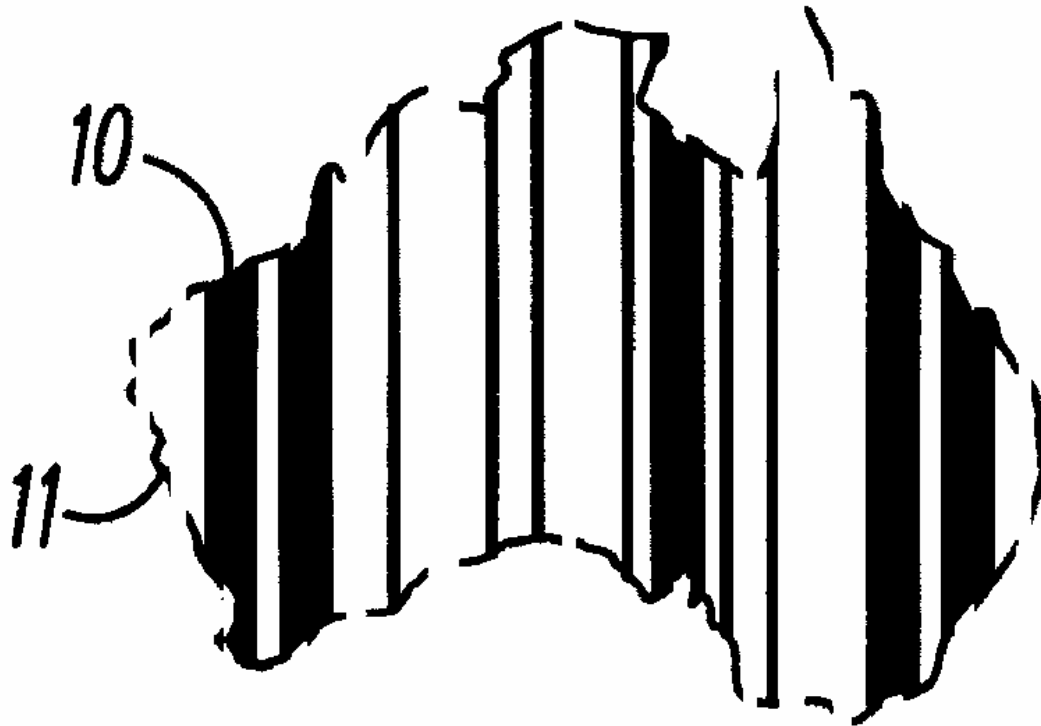
- Knife and Mirror
- Something is “novel” if it differs in any way from that which is old

Fig. 1.



Novel

- Bar Code With a Shape



Unobvious



- Fire Escape
- Very generally stated, something is “obvious” if one “skilled in the art” would be motivated to combine two or more prior art concepts to thereby achieve the claimed invention



“Good” is Not a Test!



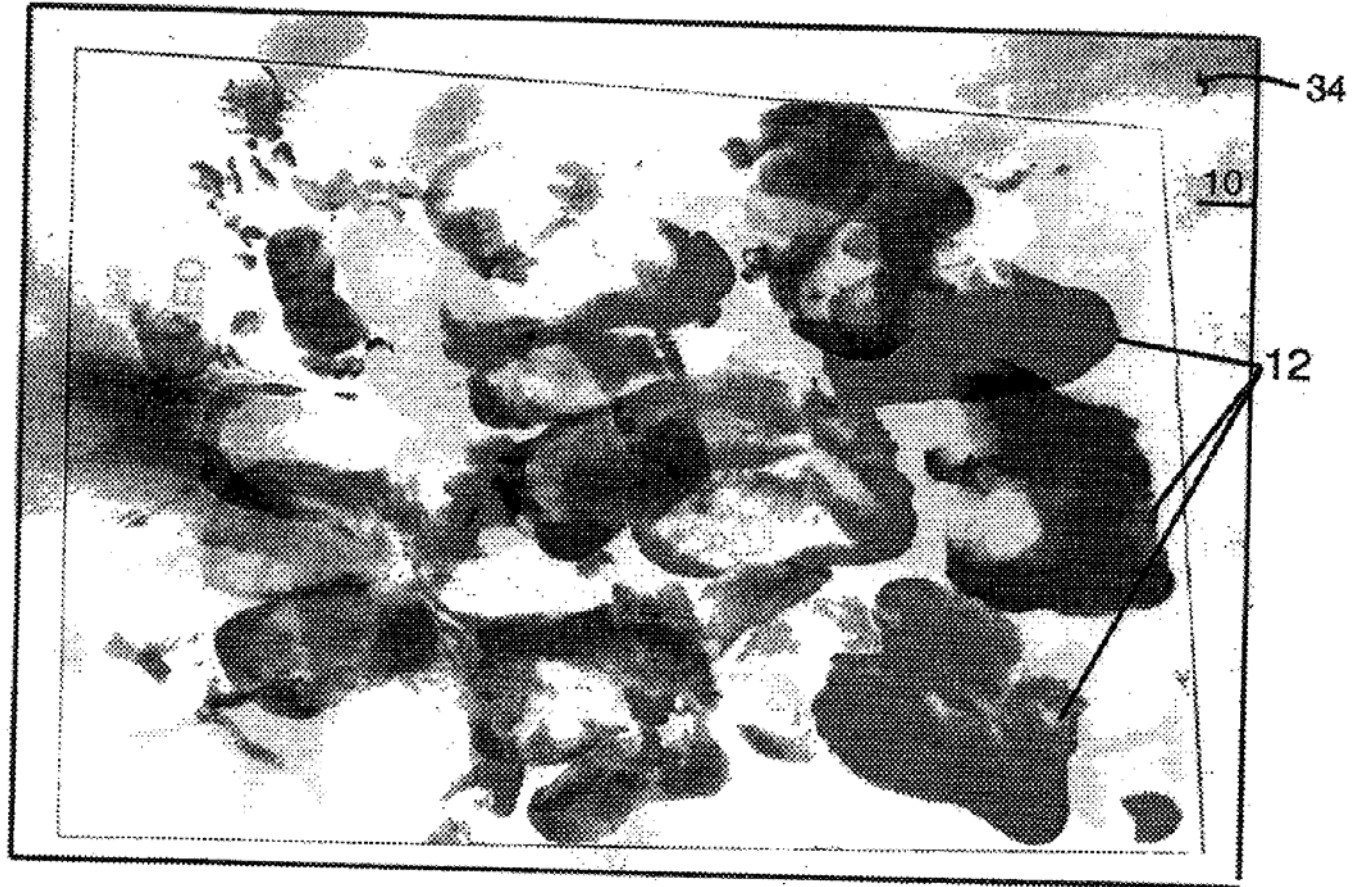
- Patentability does not really depend upon commercial value or significance or even whether the invention is “good” in some sense or another
- Patents are not miniature Nobel prizes

Patentable Subject Matter

- Things
 - Chemical things
 - Electrical things
 - Mechanical things
 - Biological things
 - Software things
- Processes
 - To make and use things
 - Business processes



Example 1



Painting Kit

Example 2

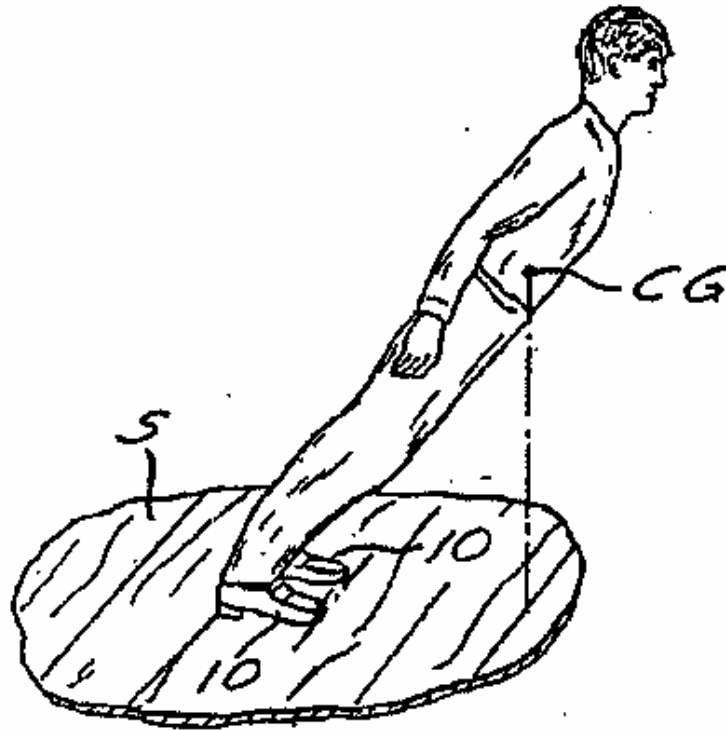
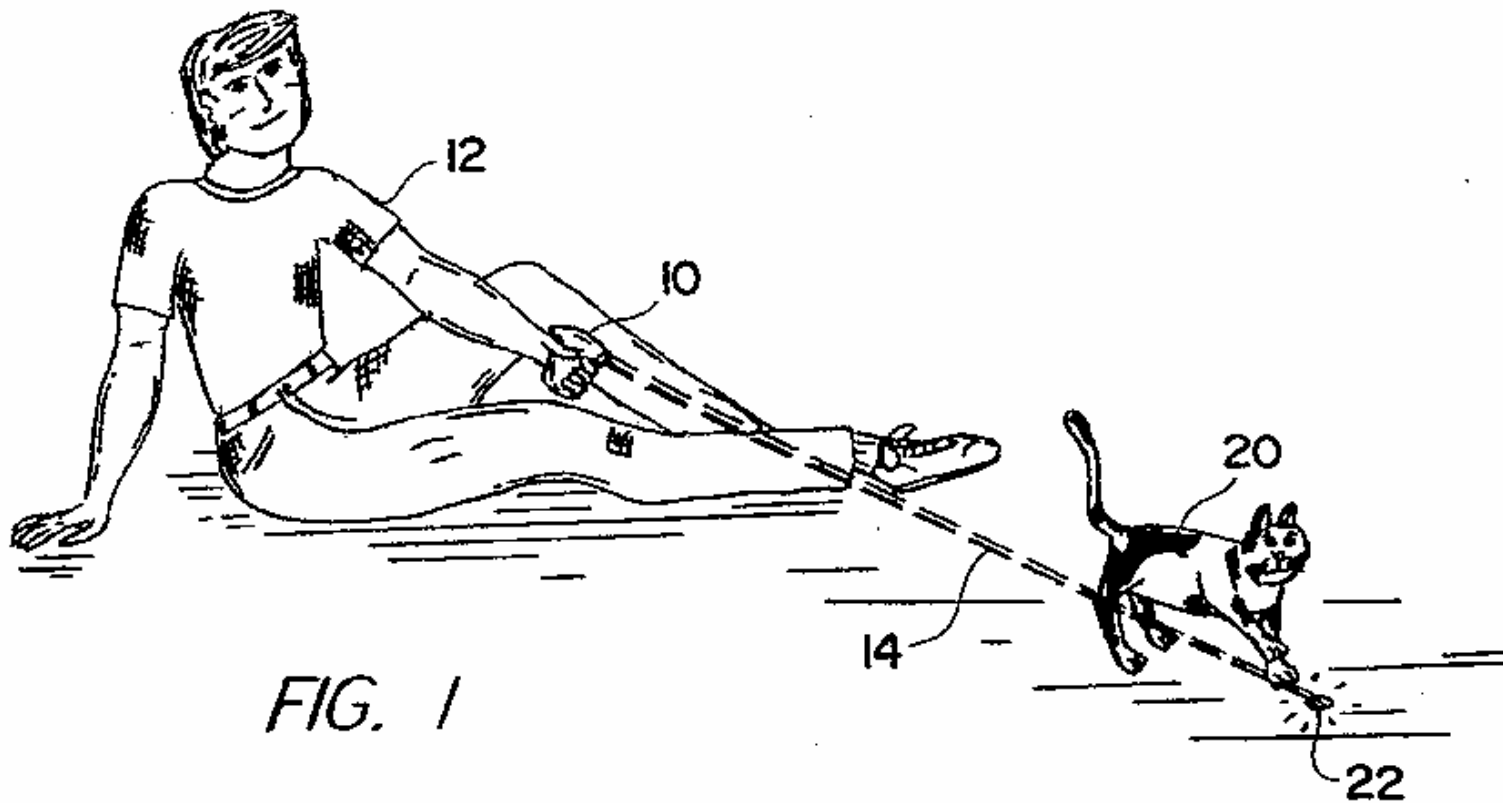


Fig. 6

Method for Creating Anti-Gravity Illusion

Example 3



Method of Exercising a Cat

Patent Claims



- Patents have one or more claims
- A claim is a single sentence that describes that which the inventor has the right to prevent other people from making, using, or selling

Paula's Patent Claim

- A baking process comprising:
 - selecting a baking time;
 - placing an edible material in an oven;
 - initiating baking of the edible material;
 - beginning at about half-way through the baking time, operating a Dirt Devil brand vacuum cleaner within three to five feet of the edible material only for a period of time equal to about 1/4th the baking time.

Timeout!



- Paula still doesn't know *why* this works
 - That's OK – patent law doesn't require the inventor to understand why their invention works
 - The patent application must disclose her process in sufficient detail to “enable” practicing her claimed invention
 - She must also disclose her “best mode”
-

Three Year Wait . . .



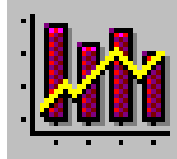
- The Giant Cookie Company essentially runs Paula out of business
- The Patent Office initially rejects Paula's patent application
- Eventually, however, Paula's patent issues

Whoa!



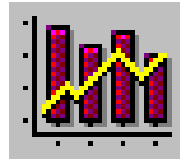
- Giant Cookie's Extreme cookie line has become a \$300,000,000 per year product
- Paula's friendly neighborhood patent attorney isn't so friendly to the Giant Cookie Company
- Paula sues, she wins, and enjoins Giant Cookie from infringing her patent

A New Marketing Plan!



- Giant Cookie begins using a vacuum cleaner other than Dirt Devil and continues offering cookies
- The public notices the difference in taste and complains . . . loudly
 - Jay Leno begins making jokes every night at Giant Cookie's expense

A New Marketing Plan!



- Paula reopens her website and begins selling the *real* deal
- Paula also markets her cookies using a new name – “Got’cha”
- Got’cha brand cookies sell like crazy

Timeout!



- A trademark is basically any device (such as a word or logo) that indicates to a consumer a source and/or indication of quality
- Trademarks are protected at common law but can also be registered at the state and/or federal level

Getting It Right From The Start

- Paula files an application to register her new trademark Got'cha with the United States Patent and Trademark Office
- It is eventually approved and published
- It then eventually issues and is maintained over the years by Paula

Paula Gets Older (and Wiser)

- Paula's patent eventually expires
 - US patents are potentially good for up to 20 years from the date of filing the patent application (it is possible for some patents to live longer)
- The Giant Cookie Company is now free and clear to use Dirt Devil vacuum cleaners when making cookies

Paula Gets Older (and Wiser)

- By this time, however, Paula's trademark Got'cha is strong and this time she survives Giant Cookie's competition
 - Customers want the brand they know and trust

Final Timeout!



- None of the various intellectual property rights is perfect - all are flawed one way or the other
- The various intellectual property rights are not mutually exclusive - they can and do overlap with one another
- A good approach to protecting intellectual property for a given business therefore often uses more than one IPR technique

The End

- Questions?

Disclaimer

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