

Intellectual Property Traps for the Unwary Business

Businesses often have misconceptions when it comes to intellectual property issues. Here are a few questions and answers on topics about which clients often ask us for advice:

Q: The Name is available at the Secretary of State's Office, so it's OK to use, right?

A: Not always. Federal and common law trademark rights supersede name availability at the Secretary of State.

Q: We hired the photographer to take pictures for our company brochure, so we own them and can use them on our website, right?

A: No, not unless you have a written agreement assigning or licensing the copyrights in the photographs to your business. The business only owns the copyrights in works prepared by regular, full time employees. You may need to go back to the photographer and obtain additional rights (and pay an additional fee).

Q: We found the (text, picture, graphic, music, video) on the Internet, and it did not have a copyright notice, so we can use it in our company's marketing presentation, right?

A: No. Copyright notices have not been required since 1989. The absence of a copyright notice is no assurance that a work is unprotected by copyright. In general, one cannot copy content found on the Internet and use it for a website, brochure, presentation or other promotional materials without obtaining permission from the copyright owner, regardless of whether it has a copyright notice or not.

Q: We have been selling our product for a while, and now we want to apply for a patent. Can we?

A: The first act of sale, offer for sale, public use or publication of an invention starts a one year clock ticking within which the U.S. patent application must be filed, and bars filing a patent application in some other countries.

Q: We are keeping the invention a secret, so is there any rush to file the patent application?

A: The United States is now a "first to file" jurisdiction, which means that invention priority is decided by who files first, not who invents first. A delay in filing the application could be costly.

Q: Trademark rights are acquired by use, so there is no hurry to file a trademark application, is there?

A: Under federal trademark law, a registration cannot be canceled after 5 years (except on limited grounds) even if the owner of the registration started using its mark after your business started using its mark. So if another business registers a mark that is identical or similar to a mark that your business uses, you could be prevented from registering your mark. Early filing prevents later users from obtaining trademark rights.

Q: We cannot decide on how to allocate the intellectual property ownership while we are working together. Can we just say all intellectual property rights will be "jointly owned"?

A: Joint ownership of intellectual property is very messy, and often has unintended consequences. In general, each co-owner has the right to exploit the intellectual property and grant non-exclusive licenses to others without the consent of the other co-owner. So a co-owner could grant rights in the jointly-owned intellectual property to your competition without your permission.

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