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Intellectual Property in the Americas

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INTELLECTUAL PROPERTY IN THE AMERICAS

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PANEL INTRODUCTION

ROBERT E. WAGNER

Intellectual property is a relatively recent term of the last ten or fifteen years. What was once called a patent or a trademark is now called "intellectual property." This includes trade secrets, copyrights, unfair competition, and other areas of the law related to patents. I hold in my hand a bottle of Coca-Cola. This is probably one of the finest props to begin a discussion with because it represents all of the facets of intellectual property law. The Coca-Cola formula has been a carefully guarded secret since the middle 1800s. Coca-Cola refuses to reveal this secret, even though they were ordered to do so in litigation. The bottle itself is probably the subject of patents. The cap also has a number of patents on it, including the way it is formed and the method by which it is formed. It has a little anti-misssling slot so that when the bottle is opened, it does not explode like a rocket out of your hand. There is also a copyright on the label, and we have one of the most famous trademarks, Coca-Cola, on the bottle.

Before launching into our discussion, let me introduce our panel. Dan Christus is a graduate of the University of Wisconsin with a degree in chemical engineering. He worked in the field of chemical engineering for a few years, received his J.D. from the University of Wisconsin Law School, and is a shareholder in the firm of Wallenstein & Wagner, of which I am also a shareholder.

John Winburn practices with the firm of Skjerven, Morrill, MacPherson, Franklin & Friel LLP. José Cortina practices with the firm of Kilpatrick Stockton LLP in its Raleigh, North Carolina office and is a graduate of American University Washington College of Law. I am Bob Wagner, and I also graduated from American University Washington College of Law in 1961. I have been in private practice in Chicago since 1963, concentrating primarily on intellectual property law litigation. Dan Christus will begin by providing an overview of patent law.

PATENTS

I. INTRODUCTION

DANIEL CHRISTUS: I intend to focus on three things that you should know in order to advise your clients on United States patents. As a rule, we suggest that you consult a patent practitioner because this is a highly specialized field. Nevertheless, these three things will help you initially advise your client.

First, you need to decide whether or not you need to obtain a patent. A patent is a government granted monopoly enabling the owner of the patent to exclude others from making, using, or selling the invention defined by the claims of the patent. Utility patents are available for four different subject areas: chemical composition; an article of manufacture, such as a hand tool; a machine, such as an automobile; and methods or processes of manufacture. A patent is a public document; anyone in the United States or the world can obtain access to the patent. You must decide if your client needs to obtain a patent.

Second, realize that a patent is not a license to print money. Many people think that if they obtain a patent, they will be able to license it to many willing manufacturers. That is often not the case. Many existing patents are ultimately not of great value to their inventors because the subject matter of the patents was never commercialized. You need to discuss with your inventors their actual business objectives. If they think they have a great product, and they want to keep others from copying that product, then obtaining a patent may be worthwhile.

The third thing to remember is that as a result of recent changes in patent law, a patent can be valuable evidence in rebutting someone's accusations of infringement. For example, suppose your client's competitor received a patent two years ago, and your client seeks to obtain patent protection for a new invention that is different from the invention claimed in the two-year old patent.

If your client's device does not have each and every one of the elements covered by the claims of the patent issued two years ago, then there is no literal infringement. However, under the doctrine of equivalents, the prior patent owner may still allege infringement. Obtaining a patent for your client and citing the two-year old patent

in your client's application is persuasive evidence of no infringement under the doctrine of equivalents approach.

II. DECIDING WHETHER TO OBTAIN A PATENT

A. *Can the Invention Be Reverse-Engineered?*

The first issue to decide is whether to obtain a patent. There are certain things one should consider to make that determination. First, examine the invention and discuss with the inventor whether it can be reverse-engineered. If an individual could examine that invention and determine exactly how to make a copy, then the invention can be reverse-engineered. A good example of something that can be reverse-engineered is a Coca-Cola can. It would be very easy for someone with skill in this art to take this design and copy it to the last detail. If this Coca-Cola design was new, I would advise the inventor to obtain a patent on the design. Otherwise, there would be no protection against one who copies by reverse-engineering this new can.

Let me provide an example of something that could not be reverse-engineered very easily. Even though there are very good and effective ways of analyzing chemical compositions by sophisticated electronic and chemical means, some chemical compositions defy such analysis. When a client has confidence that his product cannot be reverse-engineered by such analysis and could be kept secret within the company, we may advise that the client merely keep the product a secret within his company, rather than obtain patent protection.

ROBERT WAGNER: The syrup used to make Coca-Cola has never been patented. It is kept as a trade secret. In spite of the wonderful equipment that we have to break down and analyze products, the Coca-Cola formula has never been duplicated. The formula for the Coca-Cola syrup is shared by only a few executives in the company, and only these executives know the content.

The decision of whether or not to patent the Coca-Cola formula came down to a question of whether they wanted to have a seventeen year monopoly or whether they wanted to rely on their ability to keep this a trade secret forever. For example, if you could duplicate this syrup formula, you would be a multimillionaire overnight because nobody has ever duplicated it. You could sell it to McDonald's, Coca-Cola's single largest customer. They would be very

happy to sell a product with the Coca-Cola taste and the McDonald's trademark. You could sell them the syrup, and they would sell it as their product. If anyone were able to duplicate the Coca-Cola syrup by lawful means, Coca-Cola's rights would be lost forever.

DANIEL CHRISTUS: So, we now have reached the point where obtaining patent protection might be appropriate. If we want to obtain patent protection, we initially ask the client a few questions. The first question we ask is whether there has been a publication of the details of the item considered for patent protection. We then ask the client if they have sold the item. These are important threshold questions, because in the United States there are three requirements for patentability: the item or process must be novel, it must be non-obvious, and it must have utility.

B. Novelty Requirement

To meet the novelty requirement, one must not have sold the patented device for more than one year. If I start selling a device today in the United States, I would only have until one year from today to file a patent application for that device in the United States. If I start selling it today and I wait over one year before filing a patent application, I am forever barred from obtaining a patent on the item in the United States.

The same novelty requirement applies to printed publications describing the invention. Once you have circulated a publication describing the invention, the one-year time period for filing begins.

C. Rule 56—Closest Prior Art

Assume the invention is a complicated device and only differs from a prior existing device by one part. If the inventor knows about the prior device, he has a Rule 56 obligation to the U.S. Patent Office. Rule 56 provides that both an applicant for a patent and his attorney must provide the Patent Office with the closest prior art of which they are aware. Prior art includes publications and information regarding earlier machines, compositions, or processes. The examiner reviews the closest prior art to determine whether the new invention is patentable.

Citation of the closest prior art often causes a lot of sweaty palms

for clients. They do not like to tell the patent examiner about the closest prior art reference. They think that their failure to cite this reference will enhance their chances of obtaining a patent. When they ask if they must cite the close prior art, I advise them of Rule 56 and its obligations. I also advise them that if they do not cite the close prior art, a court during a patent litigation may ultimately invalidate their patent. There are also additional problems if the client does not disclose the closest prior art.

The court may rule that without the Rule 56 violation, the patent would never have issued, and therefore, the litigation would never have materialized. In order to make the accused infringer whole, the court could also assess the accused infringer's attorney's fees on the patent owner. Attorney's fees in patent cases, as this panel will attest, can range from \$300,000 to \$10,000,000.

D. Prior Patent Search

Filing a patent application is expensive. The cost of preparing the application, obtaining drawings for the application, and filing the application range from \$4,000 to \$10,000 or more. It would be wasteful to incur that expense only to discover that somebody had obtained a prior patent on the very same device. One can avoid this possibility by spending \$400 to \$1,000 on a novelty search. A novelty search is a review of the files of the U.S. Patent Office to attempt to seek patents or publications that might disclose your client's invention. The patent attorney reviews the search results and assesses whether it is worthwhile to proceed.

If we find that a prior patent is close to the client's device, we may advise the client that there is not much value in proceeding. Even if the search fails to disclose an identical device or process, the search results are useful in helping us to draft claims that differ from this prior art.

III. CONTENTS OF A PATENT

I would like to show you a U.S. patent and give you an idea of its significance. In June 1995, important U.S. patent laws changed. Patents are now valid for twenty years from filing.

This patent is for a fuse. Those of you who enjoy working on

automobiles have probably seen this fuse. This fuse is placed into an automotive fuse box to protect electrical circuits. Our client, Littelfuse, Inc., one of the leading manufacturers of circuit protection devices, developed this fuse. It replaces the cylindrical glass fuses used in older cars.

A. Parties to a Patent

Three parties have an interest in a patent. A patent is a contract between the inventor, the United States Government, and the public. In return for disclosing how to make the invention, the government grants the inventor the right to exclude others from making the patented subject matter for twenty years from the filing date. Your obligation as a patentee is to make the patent application itself sufficiently clear so that upon expiration of the patent twenty years from the filing date, the public will have enough information to make the invention. When the patent expires twenty years from its filing date, anyone has the right to use the information in the patent to manufacture the exact device shown in the patent without liability to the patent's owner.

B. Background of the Invention

Another portion of the patent application is called the "Background of the Invention." It provides a brief description of prior art related to the invention and what advantages the invention might have over this prior art.

C. Description of the Invention

The second most significant portion of the patent application is the "Description of the Preferred Embodiment of the Invention." This is the teaching part of the patent, which shows the public exactly how to make and use what is claimed in the application. The "Description" section refers, by reference numerals, to the drawings.

D. Claims

The single most significant part of a patent is the claims section. When determining whether infringement of a patent has occurred, you must look at each of the claims. There are many claims in a pat-

ent, and one must ascertain that each claim is avoided.

IV. THE PATENT APPLICATION PROCESS

It takes considerable time to prepare a patent application. It is for this reason that patent applications are generally expensive. Preparing the patent application first requires a determination of exactly how the invention differs from what came before, drafting patent claims directed to those differences, and having drawings prepared. Next, the attorney submits a draft of the application to the inventor, so that the inventor can advise the attorney of any desired changes or corrections. After the inventor agrees with the contents of the application, the inventor must sign an oath and declaration. These formal papers advise the inventor of his obligations to the Patent Office.

Within one to three months of filing the application, the applicant will receive a notice from the Patent Office indicating its receipt of the patent application and advising the applicant of the serial number. A patent examiner, with some technical qualifications in the area of the patent application, will review stacks of patents in the Patent Office and attempt to find those patents that are closest to the invention described in the patent application. The examiner will then determine whether the invention is eligible for patent protection. Under limited circumstances, an examiner's decision not to grant patent protection may be based on a combination of two prior patents. One patent may contain six of the eight claimed elements, and the other patent may contain the other two claimed elements. This is called an "obviousness" type of rejection.

An obviousness rejection can be refuted by written arguments filed with the Patent Office within three months of the rejection. After a written response is filed, the patent examiner will make a final determination. If the examiner agrees with the attorney's written arguments, the rejection will be withdrawn and the examiner will issue a notice of allowance. If the examiner is still unconvinced, he will issue a final rejection, meaning that, in his view, the invention is not worthy of patent protection.

After a patent application is finally rejected, the applicant has appeal rights within the Patent Office and then the courts. In most cases, however, the applicant is able to obtain patent protection without the need for appeal.

V. TYPES OF PATENTS

A. Utility Patents

The patent that I have been discussing today is called a utility patent. The four inventions for which utility patents are available include articles of manufacture, machines, chemical compositions, and methods.

B. Design Patents

A second category of patents is design patents. An example of a design patent that we obtained for a client is this design patent to the American National Can Company for the configuration of a can. It protects only the ornamental aspects of the can. If one makes a can that looks like that shown in this patent, they may be liable for infringement of this patent.

C. Plant Patents

The third type of patent is a plant patent. There are certain varieties of asexually reproducible plants for which one can obtain patent protection.

VI. PATENT RIGHTS & INFRINGEMENT

AUDIENCE PARTICIPANT: When does protection start?

DANIEL CHRISTUS: Protection starts from the issue date of the patent. In the United States, there is no protection between the date of filing and the date of issuance of the patent. Within that time frame, someone can manufacture your device with impunity. On the day your patent issues, the legal protection begins.

AUDIENCE PARTICIPANT: The protection is only for twenty years?

DANIEL CHRISTUS: The patent is good for twenty years from the date of filing. The term is determined from the date of filing, but the patent is enforceable only between the issue date of the patent and twenty years from the filing date.

AUDIENCE PARTICIPANT: What about the time elapsed during an appeal of the decision?

DANIEL CHRISTUS: If it takes a long time for you to obtain a patent

because of difficulties with the Patent Office examiner, and you must appeal to the Board of Patent Appeals or to the Court of Appeals for the Federal Circuit to overcome the rejection on your application, you are out of luck. You will have to wait until the patent issues before you pursue an infringer.

Once a patent issues, one must pay patent maintenance fees. Maintenance fees are payable at three and a half, seven and a half, and eleven and a half years after the date of issue. For individuals or for small companies, meaning those with five hundred or fewer employees, the maintenance fees are approximately \$3,150 over the life of the patent. For larger entities, companies with five hundred or more employees, maintenance fees are approximately \$6,300. If you do not timely pay the maintenance fee, the patent will expire prematurely.

AUDIENC PARTICIPANT: If two people file at the same time, who gets the patent rights?

DANIEL CHRISTUS: In most countries of the world, the first to file is going to get the patent, regardless of who first invented the device. In the United States, however, it is the first to invent. In other words, if you file today and I file two months from now, and I show with corroborated documentary evidence that I invented this device before you did, I will be deemed the inventor and will obtain the United States patent.

AUDIENC PARTICIPANT: Do they check foreign patents in making this determination?

DANIEL CHRISTUS: It is a little more difficult to obtain patent protection overseas because most countries require absolute novelty. In the United States, if I sell something today, offer to sell it today, or disclose it to somebody today, I have one year from today to file for patent protection in the United States. Overseas, however, it is a little more complicated. If I sell something today in the United States, I can file in the United States during the one-year grace period. Under these same facts, if I have no application on file somewhere in the world, I cannot, in general, obtain patent protection overseas.

JOHN WINBURN: The examiner in the United States will look at the foreign applications, however, the examiner does not always have the ability to search all of the documents.

AUDIENCE PARTICIPANT: Can you enforce a United States patent abroad?

DANIEL CHRISTUS: All patents obtained in the United States are territorial. A United States patent can only be enforced in the United States, its possessions, and Puerto Rico. A United States patent cannot be enforced in Germany. In the event you want to enforce patent rights in Germany, you must obtain a patent in Germany.

AUDIENCE PARTICIPANT: Are all the countries covered under the same treaty?

DANIEL CHRISTUS: The Paris Convention entitles someone to obtain protection by filing an application in the United States and also in a foreign country within one year of the United States filing. Not all countries are signatories to the Paris Convention.

AUDIENCE PARTICIPANT: If one patents a can only in the United States, and a third party produces it in Taiwan, can that third party sell the can outside of the United States?

DANIEL CHRISTUS: Yes, assuming there are no other patents covering that can in foreign countries. The U.S. patent owner only has United States patent rights, which only prevent the third party from making, using, or selling that can in the United States. The third party can make and sell the can in Taiwan and in other countries where the patent owner does not have a patent.

AUDIENCE PARTICIPANT: What if I invent the same can, but I use a different method?

DANIEL CHRISTUS: It does not matter because, in the hypothetical, the patent claims the can and not the method of making it. The question is, in the case of a patent, whether the can is within the patent claim scope. If it is, it does not matter whether the can is made by a process different from the one used by the patent owner. The can manufacturer would still be subject to damages for infringement and to an injunction.

Assume instead that the patent owner held only a patent that covered a particular method of making the can. If a third party designed a totally different, non-infringing method, then even a look-alike can would not be subject to infringement.

Patents can be essential in protecting your client's market. For example, as a result of the patent on the blade fuse, competitors stayed

out of this market for a long time. Littelfuse, Inc. had a tremendous competitive advantage, and the company used that competitive advantage to their benefit for a long time.

As I mentioned, a patent can be a very essential tool in the event your client faces a competitor with a prior patent. I will look at the device that my client wants to protect, and I will study the patent that the competitor may have. I will then give my client a written opinion on whether he literally infringes, i.e. whether his device has each element called for in the claims of that patent. In some cases, however, one must consider so-called equivalents. The patentee's attorney may contend that even though literal infringement is avoided, there is still infringement under the doctrine of equivalents.

As I alluded to earlier, recent cases from the Court of Appeals for the Federal Circuit attest to the value of obtaining patents as a defense to an infringement charge. Assume that one obtains a patent on a device that is accused by another party of infringement. If the accused infringer cited the patent of its competitor during prosecution of the accused infringer's patent application, the fact that the accused infringer obtained a patent on his device is evidence of more than "insubstantial differences" between the accused device and the device covered by the competitor's earlier patent. It is evidence that is very favorable to the accused infringer and persuasive to the court on the issue of non-infringement under the doctrine of equivalents. In summary, the value of a patent is not limited to its effect on excluding competitors from the market; it can be strong evidence in the event a competitor accuses one of infringement.

JOSÉ CORTINA: If you have a Latin American client looking to do business in the United States, or if you have a client in the United States looking to do business in Latin America, you must be very careful that your client does not infringe the patent rights of others. There are different penalties in these countries, although as a general rule your client will have to pay something for infringement. Some countries will shut down your operations, and in Nicaragua you can be jailed for six months to one year for infringement. I again emphasize, you must be careful.

Generally speaking, if you are advising a client in the United States, you should conduct an infringement search to determine what kinds of patents already exist, and then advise your client whether it

is safe to proceed. If your client is based in the United States and is going into a Latin American or European country, one way to conduct these kinds of searches is to find families of patents. A person owning a patent who has sufficient resources, will generally have filed internationally, so you can conduct a family search. Through the Patent Cooperation Treaty and various other means, you can determine whether there are corresponding patent applications filed in other countries that claim priority to the United States patent. Before you manufacture a new product, you should make sure that you have investigated all potential patent infringement problems.

VII. ABSOLUTE NOVELTY REQUIREMENTS

Dan mentioned the absolute novelty requirement earlier. In most countries, the common thinking is that to be patentable, an invention cannot be known either through public disclosure, use of the invention, or publication prior to the filing of a patent application. In reality, although the absolute novelty requirement exists, there are a number of exceptions.

The requirement of "absolute novelty" generally means that you must actually have filed before you begin any commercial activities or publication of your invention. If you are going to be filing abroad, this includes claiming priority to the United States filing. You must still have filed the United States application before you disclose this invention or use it, even though you have a one-year grace period in the United States. When considering patent protection internationally, an inventor wants to guard against the loss of rights; thus, it is important to file before a disclosure. However, it is important to note that there are exceptions to "absolute novelty" and that a disclosure may sometimes not bar a filing.

A. Priority Filing

Under the Paris Convention, there is something called a priority filing. For example, if you are interested in filing in Brazil, and you have filed a patent application in the United States, you can then disclose your invention. As long as you file a national application in Brazil within one year of the original United States filing, you will be protected in Brazil, and you will not have lost rights by virtue of a disclosure.

B. Wrongful Disclosures

Wrongful disclosures prior to a filing, while technically resulting in a loss of “absolute novelty,” may not result in a loss of the right to file. If, for example, you are engaged in negotiations with another manufacturer and that manufacturer violates a signed confidentiality agreement and publishes your invention, a number of countries have grace periods for those wrongful disclosures. Under the European Patent Convention (“EPC”), for example, there is a six-month grace period. If you become aware of a wrongful disclosure and you have not yet filed, you still have the ability to preserve your rights. Thirty-two countries, including Canada, afford this protection.

Many countries have exceptions to absolute novelty requirements. Peru has an absolute novelty requirement, but like the EPC, it provides for a breach of trust exemption. Therefore, if there is wrongful disclosure, one can still file in Peru. In addition, exhibiting your invention in what is known as an “official exhibition” is an exception to the novelty requirement, and you can still preserve your rights.

VIII. INTERNATIONAL CONVENTIONS

A. Patent Cooperation Treaty

You can use international conventions to delay cost. There are several primary international conventions. The main convention is the Patent Cooperation Treaty (“PCT”). The PCT is a mechanism that we use often. I like to think of it as an intermediate holding action. If you file an application in the United States, and then, within a year, you file an international application under the PCT, depending on whether you select Chapter I or Chapter II, you can defer the requirements of each of the individual countries that you want to file in for up to thirty months. The advantage of filing under the PCT is that you only have to make a single filing in which you can designate the number of countries that you want to file in later. This strategy is much less expensive than having to go directly into each individual country.

At the point of filing under the PCT, an examination will be conducted by the international search authority. If you have a prior country case in one of the PCT countries, you will have had some

prior examination, so you will know your chances of obtaining a patent. The enormous expenses, which can easily reach a cost of \$80,000 to \$100,000 for filing in a multitude of countries, can therefore be deferred. You can ultimately make a decision later whether to spend the money depending on what you think are your chances of getting a patent. Unfortunately, the PCT is not a very commonly used tool in Latin America and South America. At this time, only seven countries in South America are signatories to the PCT.

B. Paris Convention

Another international convention is the Paris Convention. The Paris Convention attempts to harmonize and give priority to earlier filings in other countries. If you make a decision to file, you will have to file in each country individually. The Paris Convention allows a United States applicant in Latin America to claim priority to the United States filing. For example, even though you may have disclosed your invention after the United States filing and you later file a Latin country application, despite the absolute novelty requirements of that country, that application will not be barred because you will be able to claim priority back to the date of the United States filing. Perhaps by that time you may also have received the results of a preliminary examination in the United States that will help you make the decision of whether or not to file in the other countries. You may also have a better sense of how commercially viable your product is before year-end, helping to make a decision as to whether to spend the money to file elsewhere.

C. Cartagena Agreement

There are other important agreements in South America. The Cartagena Agreement is very important because it attempts to standardize certain examination requirements. It does require direct national entry, however. Under the Cartagena Agreement, there is typically a one-year grace period prior to filing concerning the priority date for certain disclosures. Certain countries do not have absolute novelty requirements, such as Bolivia, Columbia, Ecuador, Peru, and Venezuela.

One must be aware that many items patented in the United States are often not patentable in South America. Typical things excluded

from patent protection in many South American countries are medical treatments, therapeutic treatments, and pharmaceuticals. This presents a double-edged sword. While you may not be able to obtain protection for your client in certain South American countries on certain items, that does not mean you cannot come to the United States and obtain patent protection. Nevertheless, you must be careful, and you need to be aware of novelty requirements. You could be in a situation where you are in a country and have discovered a new pharmaceutical that is on the essential list of the pharmaceuticals of the United Nations. You know you cannot get patent protection in the South American country in which you are operating, but you know that there is a huge market in the United States for this pharmaceutical. In such a case, you should file your application in the United States before disclosing. At least you will then have one market in which to exploit this discovery.

D. Patent Requirements of Latin American Countries

Argentina	<ul style="list-style-type: none"> ◦ Paris Convention ◦ Novelty, if not "sufficiently published" ◦ No pharmaceutical patents
Aruba	<ul style="list-style-type: none"> ◦ National Netherlands Patents, thus, PCT, EPO
Barbados	<ul style="list-style-type: none"> ◦ Paris Convention and PCT ◦ One year grace period for applicant disclosure ◦ No medical treatments or diagnostic techniques
Belize	<ul style="list-style-type: none"> ◦ No Conventions ◦ Absolute Novelty
Bolivia	<ul style="list-style-type: none"> ◦ Paris Convention and Cartagena Agreement ◦ No certified pharmaceuticals and chemical compositions
Brazil	<ul style="list-style-type: none"> ◦ Paris Convention, Pan American and Buenos Aires Conventions, Strasbourg Agreement, PCT, and GATT TRIPS ◦ One year limited grace period to novelty ◦ No medical/diagnostic/life form patents ◦ Sui generis law protecting computer software; copyright-oriented approach
Cayman Islands	<ul style="list-style-type: none"> ◦ UK patent law basis

Chile	<ul style="list-style-type: none"> • Paris Convention • Absolute Novelty • No medical treatment patents, but products to practice treatment allowed
Colombia	<ul style="list-style-type: none"> • Cartagena Agreement and Andean Group • One year limited grace period • No essential pharmaceuticals and nuclear materials
Costa Rica	<ul style="list-style-type: none"> • Paris Convention, GATT, Pan American Convention • Absolute Novelty with respect to Printed Publication • No software, medical method, and therapeutics
Cuba	<ul style="list-style-type: none"> • Paris Convention, PCT • Absolute International Novelty
Dominican Republic	<ul style="list-style-type: none"> • Paris Convention, Pan American Convention • Absolute Novelty with respect to Printed Publication
Ecuador	<ul style="list-style-type: none"> • Buenos Aires, Bolivian Agreement, and Cartagena Agreement • Absolute Novelty • No pharmaceuticals or nuclear related
Guatemala	<ul style="list-style-type: none"> • No Conventions • Absolute Novelty with exception for Breach of Trust Disclosure • No medical treatments, foodstuffs, and chemical compositions
Guyana	<ul style="list-style-type: none"> • No Conventions • Absolute Novelty in Guyana - UK Patent registered within 3 years of date of issue • No substances from chemical processes or those intended for foods or medical
Haiti	<ul style="list-style-type: none"> • Paris Convention, Pan American, and WIPO • Absolute Novelty as to all Publications or use in Haiti
Honduras	<ul style="list-style-type: none"> • Paris Convention • One year grace period • No software or medical treatments
Jamaica	<ul style="list-style-type: none"> • WIPO • Absolute Novelty in Jamaica
Mexico	<ul style="list-style-type: none"> • Paris Convention and PCT • Absolute international novelty with one year exception for inventor disclosure or use, publication by foreign Patent Office is absolute bar • No biological processes
Netherland Antilles	<ul style="list-style-type: none"> • Netherlands Patents

Nicaragua	<ul style="list-style-type: none"> ◦ Buenos Aires and Paris Convention ◦ Absolute Novelty in Country ◦ Imprisonment Penalty for infringement (six months to one year)
Panama	<ul style="list-style-type: none"> ◦ No Convention ◦ Absolute Novelty in Country ◦ No health patents
Paraguay	<ul style="list-style-type: none"> ◦ Buenos Aires and Paris Convention ◦ Absolute Novelty ◦ No pharmaceutical or medical products
Peru	<ul style="list-style-type: none"> ◦ WIPO, Cartagena, and Paris Convention ◦ Absolute Novelty with Breach of Trust and Official Exhibition Exemption ◦ No software, medical, or essential medicine pharmaceutical
St. Vincent and Grenadines	<ul style="list-style-type: none"> ◦ No convention, relies on UK
El Salvador	<ul style="list-style-type: none"> ◦ Paris Convention, The Hague, and GATT TRIPS ◦ Absolute Novelty except for public fair exhibition, opposer's burden to move lack of novelty
Suriname	<ul style="list-style-type: none"> ◦ Paris Convention and WIPO ◦ Look to Netherlands and Germany for Protection
Trinidad & Tobago	<ul style="list-style-type: none"> ◦ Paris Convention and PCT ◦ Absolute Novelty in Country
Uruguay	<ul style="list-style-type: none"> ◦ Paris Convention and other Latin American Conventions ◦ Absolute Novelty
Venezuela	<ul style="list-style-type: none"> ◦ Paris Convention and Cartagena Agreement ◦ Absolute Novelty in Country ◦ No pharmaceuticals with exceptions
British V.I.	<ul style="list-style-type: none"> ◦ UK basis
*Canada	<ul style="list-style-type: none"> ◦ Paris Convention and PCT ◦ At least one year grace period

TRADEMARKS & SERVICE MARKS

I. INTRODUCTION

ROBERT WAGNER: We will now move on to the area of trademarks and service marks. A mark is any name, word, logo, slogan, symbol, device, or any combination thereof that identifies the source of the goods or services and distinguishes the goods or services from those

of another. If there is ever a truism in life, it is that we encounter trademarks wherever we turn. When we walk up to the bar and ask for a drink, we might order a particular brand of scotch. As we walk through the grocery store, there are particular brands of corn, peas, beans, enchiladas, or whatever that we gravitate toward. To a large extent, our purchasing decisions are based on trademarks. Generally speaking, trademarks are one of the most important assets of any company.

A few years ago, the Vice President of Coca-Cola was giving a talk, and he said that if the company were to lose everything—its bank accounts, its building, everything—and all that was left was the trademark registration on Coca-Cola, they would have no problems approaching any bank and raising enough money to rebuild and reacquire everything. The Coca-Cola insignia is found on wastebaskets and all sorts of accessories and ancillary products that Coca-Cola sells. A mark of this type is considered famous in all parts of the world.

Some marks are both service marks and trademarks. For example, McDonald's functions as a service mark for restaurant services. It also functions as a trademark on various products, such as hamburgers, french fries, and beverages. There is also a relatively recent addition to trademarks, which began in the 1980s, that is called a product configuration mark. Our firm was fortunate to be involved with the registration of a product configuration mark, which I know most of you are familiar with—the Weber kettle.

The Weber kettle was a three-dimensional design, and the kettle body and legs are registered as trademarks. Those trademarks will endure for as long as Weber continues to manufacture and sell a product with that configuration and leg structure. The trademark prohibits others from making or bringing in imported products that are confusingly similar with the registered mark. The test for infringement of a trademark is really whether the mark is confusing or similar. It is a subjective test.

II. REGISTERING A TRADEMARK

A. Conducting a Trademark Search

A client wants to register a trademark. The first thing they must do

is determine whether that mark is available. There is a database that you can go into to determine the availability of a trademark. This database will not search common law marks. A common law mark is one that someone has used on goods or services but was never registered. Common law rights in those marks only apply in the area in which the trademark is actually used. So, if a client is going to launch a domestic product across the nation, before they ever spend money on the advertisement, they must conduct an exhaustive search to find out whether there are any similar registered trademarks or any common law marks that prohibit them from adopting and using the mark in all parts of the country.

Once the mark is cleared, there are two ways to register the mark. You can register an Intent-To-Use Application, which means that your client has not actually used the mark, but intends to use it somewhere down the road. The other way to register the mark is to file an application to register when your client has actually used the mark on goods or services in commerce.

Trademark registration is an expensive process, but it is not nearly as expensive as patent registration. The cost of trademark registration in most countries is roughly \$1,000 to \$1,500. The United States trademark filing fee is \$245, and the total fee ranges from \$600 to \$700. If you must conduct a search of the mark before you file, the fees total could become \$1,000 or more. Once the mark is registered, an affidavit must be filed after five years, stating that the registrant still uses the mark. If the affidavit is not filed, the mark is purged from the register. After an additional five years, it is up for renewal. Every ten years thereafter, the mark must be reviewed.

Trademark rights begin when you adopt or use them on certain goods or services, depending on whether the mark is a trademark or service mark. The important thing to remember is that you want to ensure that no one else has registered the trademark in any of the countries in which goods are to be shipped. With the global commerce of today, the large companies choose to register trademarks all over the world to protect their marketing and advertising investment.

B. A Grant of Rights from the Sovereign

Trademarks, like patents, are grants from the sovereign. They are a bundle of rights extending to the borders of the state or nation. There

are trademark treaties such as the Paris Treaty, the Friendship, Commerce, and Navigation Treaty, and other treaties that govern trademarks internationally to try to harmonize rights among nations.

Nevertheless, the rights under a trademark are granted by the sovereign and have different meanings in different countries of the world. As commerce developed, there was an effort to harmonize the trademark laws of various countries. In my short career as an intellectual property lawyer, there has been harmonization to the extent that the laws of one country almost mirror another. There are still differences, however, so the attorney must consult with the client and clear the trademark for any country in which they intend to do business.

C. Advantages of Federal Registration

AUDIENCE PARTICIPANT: You mentioned that common law rights in the mark can be obtained simply by using the mark on goods or in connection with a service. Could you discuss the advantages of federal registration?

ROBERT WAGNER: Common law rights depend upon the laws in the various jurisdictions, and many countries do not use common law. In the United States, if your client adopted a mark and uses it in two, three, or four states and someone adopts a similar mark on similar goods and services, you have to rely on the laws of that state for purposes of enforcement.

It is highly recommended that once your client uses the trademark, they obtain federal registration. Federal registration blankets the entire United States. It creates rights over the entire country and not just in the state the trademark is used. Federal rights are very valuable rights, particularly after five years. As I mentioned a moment ago, if an affidavit is filed after the fifth year, then the mark becomes *conclusive evidence* of your client's exclusive right to use the mark in connection with the goods and services in commerce.

After five years, the validity of the mark and the ownership of the mark are also beyond contest, and there are only eight categories of defenses that are available to an infringer. After registration and before the fifth-year affidavit is filed, anyone has the right to file a petition to cancel the mark if they show valid grounds for cancellation, such as use of the mark before the registrant used it.

The infringer may also challenge a mark in order to carve out a territory right if it has prior common law use. If the infringer used the mark in several states in the Northwest United States, for example, it would then be a situation in which there would be dual ownership of the mark. The common law rights would exist in those states where used, and the registered owner's rights would be limited to the remaining states. This is called a concurrent type use. Dual ownership can be avoided by simply conducting a search to determine the availability of the mark and then filing the application for registration if no use by others is found. Once the mark is registered, you have preempted these common law situations.

To receive a registration in the United States, you must use the mark on goods and services. You can file an Intent-To-Use Application, but until the mark is examined and issued, it is not effective to prevent others from using it until there is an affidavit stating that the mark was used in commerce.

If you obtain a registration and the owner stops using the mark for a two year period, there is a presumption of abandonment. If someone wanted to cancel an abandoned trademark they can file a petition to cancel. After five years, they can, in this example, allege two years of non-use. When this occurs, the burden is on your client (the owner) to prove that the mark had not been used. During the war years, it was easy to prove non-use. For instance, if there was a legitimate reason for non-use such as a shortage of material making manufacture of the product impossible, the mark will not be canceled. If your client merely decides that they do not like the mark and voluntarily discontinues use, the mark will likely be canceled. You will then be unable to renew the mark because one of the prerequisites of renewing the mark is that you actually used it.

Trademark rights begin when the mark is adopted or used in commerce, and you supplement those rights with the federal registration. I tell clients all the time that a trademark registration is the biggest bargain in intellectual property because it costs the least, but it still provides a tremendous measure of protection. It protects all the goodwill of the company. For example, the McDonald's trademark is worth billions of dollars because only McDonald's can put it on the products that it sells. If other people try to put the mark on items, the courts will enjoin that action.

DANIEL CHRISTUS: The power of trademarks is exhibited in many ways, but perhaps never so graphically to me as six years ago. My wife and I were driving from Chicago to Montreal with my then twenty month-old daughter. We were in the Province of Ontario and my daughter pointed out the window, looked at the famous McDonald's golden arches and said, "Donalds, Donalds." Even at that age, they recognize trademarks. Make sure your client registers its trademarks; they are the best bargain in the law.

III. DISTINCTIVENESS OF THE MARK

ROBERT WAGNER: The best marks are the ones that are coined or arbitrary. These marks include: Xerox, Kodak, and Coca-Cola. On the other hand, McDonald's, when starting out, was only a surname with limited scope. After McDonald's spent literally billions of dollars advertising their name, they created a real sphere of protection for the name McDonald's. Just because your name happens to be McDonald, you cannot go out and establish a restaurant named "McDonald's." The closest thing you could do would be to call the restaurant by your full name to demonstrate that you were using your entire name to distinguish your restaurant from McDonald's.

Several years ago we registered McDonald's buildings. You are familiar with the McDonald's restaurant. It has a broken mansard roof and brick walls. We registered not only the roofline, as a service mark, but the entire building as well. There is no need to look for a sign because the roofline and building distinctively identify the McDonald's restaurant. There are other building trademarks, for example, the IHOP mark. The blue, steep roof is a registered trademark. Thus, three-dimensional shapes can be registered; there is some recognition in the law that configurations can be registered and function as trademarks and service marks.

The trademark application is quite simple to file, but it is extremely important to draft an accurate list of goods and services to encompass as broad an area as possible. Scope of protection goes back to the issue of the distinctiveness of the mark. Xerox is a very distinctive mark. Xerox is not in the business of automobiles, but, for example, if you open up a used car lot and call it "Xerox Used Cars," even though Xerox is not in the automobile business, Xerox would be entitled to stop you simply because that mark is so strongly asso-

ciated with the Xerox Company. The court would grant an injunction almost immediately in a case like that.

One recent advertisement lists things that you cannot make on a Xerox and then lists Canon, Kodak, and Sharp. This is called reverse advertising to prevent misuse of the mark. In Senate hearings a few years ago, one of the senators apologized to Xerox publicly on television for misusing the trademark because he asked his secretary to "Xerox" an item. You can only make a Xerox *copy* on a Xerox machine. That is another form of reverse advertising.

Another weak mark that may be registered is the word "continental." "Continental" is really not a coined or arbitrary word. It is a dictionary word, but it is registered for banks, oil companies, drilling companies, and airlines. This diverse group of companies is not related. The "Continental" mark registered is limited to the actual goods and services described in the registration. The mark cannot reach much beyond this because it lacks distinctiveness since unrelated organizations have registered the mark on other goods and services. The trademark owner can enforce the mark solely in the areas in which they are actually doing business using the "Continental" mark.

There are many marks that were once famous trademarks but are no longer considered trademarks because they were misused. Aspirin is a good example. It was used as a noun rather than as an adjective to modify a noun. Trademarks are adjectives that modify a noun. Escalator, for example, used to be a trademark but became a noun through misuse.

You should advise your client to adopt a mark that is coined or arbitrary. The more distinctive the mark is, the easier it is to register and enforce. This is a tug of war between the trademark lawyer and the marketing people. The marketing people want to adopt a mark for the product that describes the product, but descriptive marks cannot be registered. In other words, you cannot take words out of the English language and appropriate them to exclude others from using them on goods and services. The marketing people may also want the mark to be suggestive and descriptive, while the trademark lawyer wants it to be distinctive. Inform the client of the benefits of adopting a distinctive trademark by pointing out that a distinctive mark will save money in the long run in registration and enforcement fees and

will be more valuable.

IV. COUNTERFEITING

Counterfeiting is predominant in the southern part of the country because it is a large import area. Companies manufacture the products abroad and bring them in with famous United States marks on them. These products are sold even though they do not meet quality standards, nor are they authorized by the trademark owner. The importation of counterfeited products can be prevented in two ways: seizure or injunction. The trademark owner can enlist the aid of the United States Customs Service by recording the mark. If a Customs agent encounters the counterfeited goods, Customs will seize them.

I have personal experience in this area. Three or four years ago, we represented the company that imported Cobra cordless telephones. In Miami, a Customs agent informed us that he had encountered \$500,000 worth of counterfeit Cobra cordless telephones. The agent seized the goods, and we used them as the basis of our counterfeiting suit.

Once the trademark is registered, you will also want to record it with the Customs Service. Once it is recorded, Customs will aid you in catching the counterfeiters. Due to the large body of products coming into the United States on a daily basis, Customs does not catch all of them, but they do catch a significant number of them.

Beyond that, your client's sales staff should be trained so that when they see a product they have not sold, they are quick to bring it to your client's attention. There is a counterfeit provision in the Trademark Act stating that you can seize counterfeit goods with the aid of the United States Marshals. You may have an *ex parte* proceeding before the judge to satisfy the standards to which you are entitled.

One of the benefits of a federal registration is that you look to the federal court for enforcement of your rights. The bundle of trademark rights is clearly set out in the statutes. The penalties for trademark infringement and counterfeiting are very harsh. The statutes now deal with counterfeiting very harshly, including provisions for seizure, treble damages, and attorney's fees.

V. PLACEMENT OF REGISTERED SYMBOL

Your client will ask you where to place the symbol. The circle "®" next to the mark indicates registration in most countries of the world. That symbol is placed adjacent to the mark when the item has been registered. Prior to registration, you can indicate that you intend to register by using a TM for trademark or SM for a service mark. This practice is permissible throughout the registration period.

AUDIENCE PARTICIPANT: If you have a logo you want to use, do you put the SM or the TM next to it?

ROBERT WAGNER: You use TM or SM only until the time the mark is registered. After the mark is registered, you indicate that it is registered by the circle "®", and this will trigger the damage statute. Damages begin from the time somebody infringes. If you do not have the circle "®" next to the mark, damages can only commence from the time you actually notify the person that the mark is registered. It is highly desirable to put the circle "®" next to your mark to inform the world that it is a registered trademark.

The Coca-Cola script is called a word and design mark. Coca-Cola, just in block type, would only be a word mark. One of the famous cases involving Coca-Cola concerned a product in New York that stated "Enjoy Cocaine" in the famous script mark of Coca-Cola. An injunction was granted because it was demeaning to Coca-Cola, despite the fact that it was not a pure copy of the registration or the mark.

VI. TRADEMARK REGISTRATION IN LATIN AMERICA

JOSÉ CORTINA: Many countries in Latin America are signatories to the Paris Convention, which essentially grants reciprocal rights including a claim of priority to the first filed application. The Paris Convention includes Argentina, the Bahamas, Barbados, Brazil, Canada, Cuba, the Dominican Republic, Haiti, Mexico, Trinidad & Tobago, the United States, and Uruguay. If you represent a company in the United States that is interested in doing business in Brazil and Argentina, you should first file an application in the United States. You then file an application within six months after the United States filing date, possibly after your entry into in Brazil or Argentina, and claim priority to the original filing date of the United States applica-

tion. By doing this, if someone tries to register in those countries before you, you will prevail because you have the earlier effective registration date. If you wait beyond six months, you cannot claim priority based on the original filing date of the United States application. Thus, it is important to register quickly in most Latin American countries because, unlike the United States, registration requirements are less stringent.

If you enter most Latin American countries and begin using a non-registered mark and someone else later registers the mark, they may be in a position to prevent you from continuing to use the mark. Often, to initially obtain a registration in many Latin American countries, you do not have to establish use. However, similar to the United States requirements, after the mark is registered, you must file an affidavit within a very short time in order to maintain your registration. This affidavit must show that you have used the mark in the past and continue to use it. In most Latin American countries, if you do not establish or show use within the first five years, you may become subject to a cancellation action.

Many Latin American countries have also enacted anti-piracy provisions. This initiative was undertaken as a result of several situations where famous companies started doing business in some of these Latin American countries, and some individuals went out and registered the marks as a way of hindering the companies. This did not seem fair, particularly because these companies had established rights in the marks throughout the world. The companies found themselves in this situation because they were penny wise and a pound foolish. They should have registered early in the Latin American countries where they were to conduct business. Instead, they tried to avoid costs by not filing early and were later confronted with expensive oppositions by such individuals.

For example, I currently represent an American car rental company in Uruguay. The car rental company conducted business in Uruguay and someone else registered their name. The individual who registered the mark came to my client two years ago trying to prohibit my client from doing business unless my client paid a lot of money. My client refused to pay. Fortunately, Uruguay has some very interesting, relatively new anti-piracy provisions. We petitioned to cancel their registration and attempted to register ours. Our application is pend-

ing. We won the petition to cancel, and we have been successful on two appeals. It is currently going through a third mandatory appeal to the ministry. Most Latin American countries are gradually changing their rules.

You also now have the "famous mark" exceptions established under the North American Free Trade Agreement ("NAFTA") and the General Agreement on Tariffs and Trade ("GATT"), which recognize famous marks. This is an evolving issue, and it is developing differently in each country. If you can demonstrate that you have a world-renowned mark, even if someone came in ahead of you and registered, you are likely to prevail. Brazil, for example, has established a register of marks known to be "notorious" and entitled to broad-based protection. That seems to be the common action taken to comply with the NAFTA and GATT "famous marks" provisions. If your mark is famous, perhaps you do not have to worry about obtaining early protection. However, you are always better off registering first because it will be a lot cheaper than having to fight the battle later.

VII. ANTI-DILUTION STATUTES

Many states in this country have anti-dilution statutes. I used to work in-house for IBM Corporation in its Boca Raton office. IBM is a very famous mark, similar to Coca-Cola. If IBM lost all of its assets and only retained the mark, I've heard past reports that the company would still be valued at over \$1,000,000,000 because of the value of the mark. At one time in Florida, there was a little company trying to sell waterfront property using "IBM Realty" signs in front of its listings. IBM is not in the business of selling real estate, and that is a very limited use outside of IBM's area of business. Nevertheless, IBM pursued the realty company through use of anti-dilution and unfair competition statutes to stop the use on the basis that IBM is such a famous mark. Even though IBM is not in the real estate business, any such ancillary use of its name is very damaging. The remedy for that kind of damage is now easier to obtain.

ROBERT WAGNER: A federal anti-dilution statute was recently adopted. Dilution is probably best analogized to pollution. It is similar to a client every day dumping a small amount of waste into a stream. They do not think that it is going to have much of an effect, but sooner or later they are going to pollute the stream. The same

holds true for dilution of trademarks. Dilution takes away the distinctiveness of the mark. The current federal statutes on dilution do not require that you prove the likelihood of confusion. You only need to prove that it is likely to dilute the distinctiveness of your client's mark.

VIII. TRADEMARK INFRINGEMENT

There are essentially two elements required to prove a case of trademark infringement: (1) ownership of the mark and (2) likelihood of confusion of the defendant's mark with your client's mark. If more than fifteen or sixteen percent of the public believes that the defendant's product originated, is endorsed, or is affiliated with your client, then you are going to win your case.

JOSÉ CORTINA: There is an additional advantage in the area of proving trademark infringement by obtaining a federal registration of your mark rather than just relying on your client's common law rights. Common law rights, remember, are created by the mere use of the mark on the goods. With a federal registration you can enforce your trademark by proving ownership and a likelihood of confusion. If you have not registered your mark, enforcement of common law rights requires you to also prove secondary meaning. Proof of secondary meaning can be expensive because it may require a survey. It may require you to exhibit evidence of sales and advertising that created an association between the mark and the manufacturer. The judge may find your secondary meaning evidence inadequate or unpersuasive. If this happens, you have not satisfied the prong of secondary meaning and you will lose the suit. If you register the trademark, you do not have to prove secondary meaning because it is automatically presumed.

ROBERT WAGNER: The likelihood of confusion test in most jurisdictions provides that if the marks and the goods are identical and the channels of trade are identical, confusion is presumed. There is a recent Ninth Circuit case where the counterfeiter was going to use the Levi's mark on goods. The court found a likelihood of confusion, even though the product was never sold, because of the identity of the goods and the channels of trade. Trademark law is very subjective, but it is a very good vehicle to protect your client's goodwill.

COPYRIGHTS

I. INTRODUCTION

JOHN WINBURN: A copyright is an original work of authorship. Items can be federally registered. Registering ensures compliance with the required formalities.

Computer software is an interesting area that continues to evolve because of its major impact. For computer software, you will want to talk to your intellectual property attorney because in some countries, you can now obtain a copyright on software.

Copyrights can be granted for any tangible medium, whether it is printed, videotaped, or on a disk. You do not have to register the copyright assuming you perform the work and put it down in tangible medium. However, there are certain benefits in registration, and we strongly recommend that you register, especially if you want to enforce your rights against an infringer.

According to statute in the United States, notice is: "©"; or Copyright, the year, and the author/owner. Another way to use the symbol is to show the "©", then the owner, and then the year of first publication, which is useful for software or a book where you might have the first publication in 1996 and then a major revision in 1997. The only right a copyright provides you, or your work, is that it prevents somebody from copying your work. When it is not quite an exact copy, there are issues over how close it must be to be considered a "copy." In contrast, for a patent, someone that never viewed your invention, but produced the same product, is still precluded from obtaining protection because the item must be original.

II. COPYRIGHTS AND TRADE SECRETS

Copyrights can overlap with trade secrets. Trade secrets are not covered under federal law, but they are covered under state law. There is a Uniform Trade Secret Act, which is adopted in modified form in each state. You can obtain a copyright on software, and you do not have to submit the whole code, but you can also just keep a trade secret in the software. Thus, you can have an overlap of trade secrets and copyrights. Trade secrets are interesting because they only require that you keep the secret concerning the process used to

make the item.

The Coca-Cola formula is unique because it is rare that you can manage to keep something secret for very long. A trade secret is somewhat similar to a copyright. The state trade secret laws protect against someone obtaining your trade secret in an unauthorized manner, for example, by buying it from employees or stealing it. Anyone can, however, figure the secret out for himself or herself from public information or independently and then freely use it. They are perfectly entitled to do so because there is no federal law or federal trade secrets registration to prevent them. If you can manage to maintain the secrecy, a trade secret, such as the Coca-Cola formula, can be extremely valuable because there is no lifetime limit.

DANIEL CHRISTUS: Determine whether your client should obtain patent protection or is better served by protecting the invention as a trade secret. With respect to methods, there is some risk in protecting the method by trade secret. Even if one successfully protects the method as a trade secret, if a third party independently discovers the same method, that third party can apply for and obtain a patent on that method. Once a patent is obtained, the third party can enjoin your client from using the method, regardless of how long the client has used that method. Although this may seem unfair, it is the state of the law in the United States, and that is one reason for seriously considering filing a patent application on a new method or process.

ROBERT WAGNER: The reason for that goes back to the Constitution of the United States, Article 1, Section 8, which encourages disclosure and rewards disclosure with a monopoly on the invention. The person who does not want to disclose may effectively be penalized.

There is a story told about a family of doctors in Belgium who invented the forceps used in the delivery of babies. They kept this a family secret for many years and were ostracized because this is something that should have been shared with everyone because of the number of babies that would have been saved if other doctors could have used those tools during the delivery process. The United States encourages disclosure and rewards disclosure with a twenty-year monopoly if patentability conditions are satisfied. That is the reason for the harsh treatment for failure to disclose.

III. MADE-FOR-HIRE RIGHTS

AUDIENCE PARTICIPANT: What if you purchase a particular design from an artist, and you want to reproduce it. Do you own the copyright?

JOHN WINBURN: If, for example, the person is employed by your company, and their job definition, which should be covered in writing, is to design software, then a software design for architectural drawings belongs to the company because it would be "made-for-hire" rights. Where most people get into trouble, especially in software, is where you pay a consultant to write a program for you. Unless it is covered in writing, the consultant owns the software, even though you paid for it.

JOSÉ CORTINA: There is a Supreme Court decision stating that in the case of independent consultants only a certain limited category of works can be considered "works made-for-hire." You should, therefore, have an agreement specifying that the product is a "work made-for-hire" or if by operation of law not a "work made-for-hire," expressly assign all rights in the copyright.

ROBERT WAGNER: This agreement must be signed before the commencement of work. You cannot prohibit someone from changing vendors. You cannot claim ownership simply because you paid for it. You cannot claim it is yours if you did not have a contract with the independent consultant at the outset, specifically setting out that the work was for hire. When you hire somebody as a consultant, you have a lot of leverage. You have the money carrot hanging out in front of them to make them concede it is a work for hire.

If your clients are going to engage anybody as a consultant, give them a short contract that they can put on a letter. Advise your client to send it to the consultant for signature. The contract can simply state that the rights in the patent, trademark, copyright, or trade secret belong with the procurer of these services. Those types of agreements are found in all of the formbooks. You must make sure that the contracts contain all necessary rights for your client.

AUDIENCE PARTICIPANT: One of the professors at the University of Florida is currently jailed because he performed research at the university and claimed the ownership rights to the research. What is the status of that case?

JOHN WINBURN: It is not just the University of Florida; most institutions have handbooks that state that anything you do while you are paid by the university belongs to the university. I recently advised a very bright graduate student at the University of Central Florida to turn over notebooks because the police were walking in through the gates. Professors think that anything that they do belongs to them. They typically write books. However, there are arrangements incorporated into their employment agreements stating, for example, that anything written belongs to the university and that any research belongs to the university. These professors simply have no understanding that they have no rights to their work whatsoever; they have signed all of their rights away in their employment agreement.

ROBERT WAGNER: Let us examine the fairness of that. The university provides the laboratory, and it pays for the facilities. The university does not pay the professor to sweep the floor; it pays the professor to teach and research. Therefore, the university should be entitled to the fruits of the professor's labor. The same goes for any business. Employment agreements require assignment of all rights.

The employment agreements are enforceable if the employee is employed in that field. You could not have a similar agreement for a janitor because you are not hiring him to invent; you are hiring him to push a broom and sweep the floor. When you start a corporation, tell your client to get everybody on board right away with employment agreements because it is too late when they show up in a law office complaining that an employee is filing a patent application on an item invented while employed by the company. If an employment agreement with the necessary provisions does not exist, you will have to prove an implied agreement by showing the nature of the work and the nature of employment gives rise to a contract implied by law.

Some states presume that the employee has certain rights, particularly if the employee invented the item in the home and it is not closely related to the business. Many factors are considered. Be sure to advise your client to get a signed agreement with all employees.

JOHN WINBURN: You hire an employee for his expertise in some particular area, such as software writing, and he often develops a fantastic software program in a very quick time. Frequently, he has taken someone's software and incorporated it into his program. Because of this, you will be prevented from selling the program. If the

incorporated ideas happen to be a trade secret from a former employer, then you have even more severe problems. To protect yourself, you must obtain a Certificate of Originality from the developer. Also, ensure that any outside contractors or employees have signed agreements. Consulting agreements with university professors are different because the professors are still working for the university, and they may not have a clear title that they can provide to you.

IV. COPYRIGHT INFRINGEMENT

JOSÉ CORTINA: Let us discuss infringement in the copyright area. Under U.S. law, if you can show that someone accessed copyrighted work and that there is a substantial similarity between the two works, you have a very strong presumption that the work was copied. It then becomes very difficult for the other side to prove it was not copied because you have shown access.

This is the reason for “clean room” procedures when designing software. When the software is developed, you should require that your employee or your contractor fill out Certificates of Originality and related questionnaires. These forms ask whether the employee took from other programs, whether the idea was original, if others worked on the project, and if others incorporated other pieces into the work. You should force them to sign the agreement at the beginning, and that goes into your record for the developed code.

Architectural plans are really a problem here in South Florida. They are a problem because people frequently do not have a “work-for-hire” or assignment agreement with the architect and the architect appropriates the plans after a dispute. If you have an agreement up front, you will obtain the copyrights, and you can basically shut the architect down because it is then your copyrighted architectural plan. Certificates of Originality establish a contemporaneous record at the time the work is created and aid you if someone claims against you.

ROBERT WAGNER: Two people can have a copyright at the same time. The example I often give is if two people were to set up their cameras on a tripod and both of them take a picture of the ocean under identical conditions, one person would have copyright rights in one photograph and the other would have copyright rights in the other photograph. Although neither of the photographers copied the other, these two photographs would likely show the same scene, if

the cameras were within a few feet of each other and used the same type of lens. This example demonstrates that you can have almost the same thing and still obtain a copyright. One cannot, however, copy the other's photograph without permission.

Architectural plans are a real problem in all parts of the country because other architects use these plans as a starting point. This is a copyright infringement because they are using someone else's original work. Infringement often depends upon the extent of originality. If what they have used was not original, they are free to use it. In other words, if this is something in the public domain, then anyone has a perfect right to use it. The originality of the work is what really determines whether there is copyright infringement. You must advise your clients to secure the copyrights before engaging the architect, so that they will not later see copies of their house all over the neighborhood.

V. INTERNATIONAL COPYRIGHT CONVENTIONS

A. Berne Convention

JOSÉ CORTINA: There are two major conventions governing copyrights internationally. The preeminent one is the Berne Convention. This Convention basically overrides any formalities imposed by countries and potentially disadvantaged nationals at the expense of foreigners. A classic example of formalities is Spain where there are very specific requirements. When Berne was implemented, the question became how to handle foreign nationals. For example, Spain decided, in the case of German nationals seeking copyright protection, to disadvantage their own nationals in favor of nationals from other countries.

B. Universal Copyright Convention

Secondary to the Berne Convention is the Universal Copyright Convention. The Universal Copyright Convention was established, in part, because the United States resisted the Berne Convention for years. The United States had very specific registration requirements and very specific notice requirements, under which you would lose your copyright if you did not have the prescribed form of copyright notice on your copy. This has now changed as the United States be-

came a signatory to Berne, and the Universal Copyright Convention is now secondary to the Berne Convention. The Berne Convention governs most international copyright provisions.

C. Latin America

Most countries in Latin America do not require copyright registration. In Latin America, copyright is a very basic issue and the subject matter covered by copyright law is largely the same as that in the United States. One exception concerns software in Brazil. Brazil has a parallel section to its patent statute that establishes *sui generis* protection for software, which generally parallels the protection afforded by copyrights. With developed software, as noted previously, you want to get Certificates of Originality because they establish a contemporaneous record of its originality and creation. Therefore, if a challenger can prove access to their copyrighted software, you will at least have some evidence to rebut the presumption of copying.

VI. INTERNET ISSUES

AUDIENCE PARTICIPANT: Can you purchase copyrights to have the exclusive rights just for the Internet?

JOSÉ CORTINA: Years ago I drafted a joint venture agreement for development of an interactive cable network. Part of what we were looking at was content and what rights to the content were needed. Content is covered by copyright. You must look at the copyright and all the rights of the work as a whole. Thus, you can partition the grant of rights and obtain rights only for specific Internet applications.

A classic example of some of the areas in dispute, where there have been settlements recently, is some of the old Disney movies. There is an established body of case law in this area. The original agreements assigned full rights in exchange for certain royalties. Certain agreements have recently been challenged on a number of occasions in the last five years. People have settled on the premise that when the original assignment of those rights was granted there was no contemplation of the new technologies that would allow the much greater exploitation of the rights. The arguments are based on contract theory. Some of these artists have been able to go back to the companies and demand additional royalties claiming that the original contract was not what was originally contemplated in the

bargain. That is similar to what you have in the copyright arena, and you can obtain specific use rights solely for the Internet.

A. Domain Names

You must be cognizant of certain aspects of the Internet. I can speak to this because I have been involved in a lot of litigation in this area recently. In fact, I recently closed down one particular Internet service in the Naples area. In the *Sun Sentinel* newspaper, there was recently an article about a person who registered many domain names for the Internet. These names included: broward.county.com, naples.com, and marco.island.com. This person is now selling these domain names. This raises a very interesting question because even though Broward County is a descriptive term, you now have a body of law that recognizes domain names as trademarks.

I just settled a dispute with a major magazine publisher, which owns the *Cosmopolitan* mark. My client owned cosmopolitan.com. I could have argued that this was a legitimate type of use by my client, but we settled because of the particular nature of the *Cosmopolitan* mark and because they had a very strong position with a trademark registration. With that trademark registration, they could prevent the use of my client's domain name by invoking Internic's rules.

B. Web Site Content and Frames Technology

You also have the issue with respect to copying things or downloading things off the Internet and putting it onto your own web page. That is all covered by copyright law. Therefore, to the extent that you are using photographs or anything like that, you are infringing on the owners' rights. You may put links on your site to other sites, and on that link you may show a trademark. By doing so, you open yourself up to a lawsuit by those parties because you are creating an improper association between yourself and the party, confusing and damaging their trademark. There are certain ways to use other people's trademarks legally. You can, for example, use the trademark in only an informative way. You can also simply obtain permission to use the trademark.

The more interesting question concerns frames technology. You can link away from your site and go to a totally new web site using frames technology. With frames, you are really not in the new web

site. Thus, for example, if Chrysler Corporation were to link to the site of a company like Coca-Cola using frames, there may be improper displays of trademarks in the Chrysler "frame" site. This is another potential area of problems, and you must be careful because you may be liable for infringement or liable under anti-dilution statutes for damaging a famous trademark.

VII. EXPORT CONTROLS

The final issue concerns export controls. There are many export laws in this country protecting technical data. Technical data is exportable under a number of licenses. The most general license is a GTDA license. This license is generally available for the publication of technical information in journals. There is also another type of general license called GTDR that is generally available for restricted type data that you can only export to certain countries not on the government's controlled list. For all other technical data, you must obtain a validated license from the Department of Commerce. You must also check the State Department's munitions list.

Years ago when I was in-house with Allied Signal working in the defense establishment, the export restriction list created all kinds of problems because it covered everything. It was not just export of technical data but commodities as well. I once turned in an employee who shipped a novel laser to the People's Republic of China. If I had not turned him in, the government would have been able to shut down my company's operation dedicated to manufacturing such devices for thirty days without due process of law. They could then shut the facility down again for another thirty days. I do not know many plants that can operate successfully financially after being shut down for sixty days.

Similarly, we had a license agreement with the People's Republic of China on some metals. At the last minute, the State Department put the technology on the munitions list because it was usable in "Star Wars" lasers. Consequently, we had to negotiate with the State Department to obtain a license.

You must also be careful with the information you make available on your Internet site. The information on your site is accessible throughout the world. I suggest that this is an export of technical data. You must carefully check anything you are putting on your site

that is of a technical nature. If material on a web site includes technology that is on the export restriction list, there are substantial penalties from the Customs Service or the Department of Commerce, and possibly even criminal sanctions. This problem stems from the fact that the laws and the government today are not well equipped to handle the Internet. If you represent companies that have an international presence or that have a major United States presence, you should advise them to implement export control procedures.

ROBERT WAGNER: You must be sensitive to anything you create or export of a technical nature. You have to check lists at the Department of Commerce and the State Department to determine if they may be exported without a license.

Let me briefly summarize the main points of our discussion. There are three things to remember in the area of patents: diligence, confidentiality, and documentation. Trademarks must be distinctive, and you must use them to acquire rights. Place copyrights in concrete form and use the copyright notice. Take firm steps to preserve trade secrets. Thank you.