

BASICS FOR US COMPANIES PROTECTING INTELLECTUAL PROPERTY INTERNATIONALLY



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All US-based businesses have intellectual property (“IP”) assets. For some businesses – such as consumer products or technology companies – these IP assets are evident. For other companies, what constitute IP assets requires a more thoughtful assessment. In either case, when looking to expand a business beyond US borders, management needs to know what its IP assets are and to take the proper steps not only to protect that IP, but to exploit and commercialize it.

This white paper is intended for general information purposes only. It is not intended as legal advice. The reader is urged to consult a qualified advisor before making any decisions relating to the matters discussed in this white paper.

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What is IP?

In broad terms, IP is any creation of the mind: inventions, literary and artistic works, and symbols, names, and images used in commerce. IP is not the underlying ideas and concepts themselves – rather, the ideas and concepts must be set in tangible form, and that tangible form is considered IP. IP rights are like any other property right, in that they allow owners of IP to benefit from their investments in whatever they pursue from idea to realization. Although the basic principles underlying IP are internationally recognized, how these rights are created, protected, and exploited differs by country.

Types of IP

PATENTS

Patent law protects inventions. By filing and obtaining a patent, the inventor of a product receives a temporary monopoly in a jurisdiction for the commercial exploitation and use of a product, a machine, a piece of software, a manufactured item, an asexually reproduced plant, a composition of matter, or the functional features of a process. The term of this exclusivity varies by type of patent and jurisdiction (e.g., in the US, a utility patent lasts for up to 20 years; utility model patents in China have a term of 10 years after the filing date). The America Invents Act brings the US into step with other countries, in that “first to file” is now the rule in the US (supplanting “first to invent”).

Types of Patents (US)

- Provisional (skeletal/placeholder valid for one year)
- Utility – machine, process, article of manufacture, composition of matter
- Design
- Plant

International Rights in Patents

- Patent Cooperation Treaty (PCT)
A PCT filing seeks patent protection simultaneously in multiple countries through an “international” application. It can be filed by any party that is a resident or national of a PCT contracting country (such as the US). The PCT application may generally be filed with the national patent office of the contracting country of the applicant or, at the applicant’s option, with the International Bureau of the World Intellectual Property Organization (WIPO) in Geneva, Switzerland.

Patent Portfolio Range

- Core Patents – protect key true innovations
- Camouflage Patents – used to distract/mislead competitors
- Minefield Patents – inhibit competitors
- Application Patents – protect methodology, equipment, parts

TRADEMARKS

Trademarks are words, phrases, logos, colors, sounds, or symbols used as source identifiers that allow consumers to distinguish one product from another. Trademarks are granted within a particular jurisdiction and have varying registration periods. However, trademark registrations may be renewed infinitely as long as the subject mark remains in use.

Types of Marks (any of which can be words, images, or a combination)

- Trademarks
- Service Marks
- Certification Marks

International Rights in Trademarks

- EU (OHIM) – Community Trademark
- Madrid Protocol – allows an application for international registration to be based upon a pending trademark application filed in the applicant’s country of origin
- OAPI (African Intellectual Property Organization) – covers all Member Countries in Africa

COPYRIGHTS

Copyright law protects expressive works, such as writings, drawings, photographs, software, music (written or performed), and movies, and allows the copyright holder exclusive rights to use and benefit from the material. Copyrights are protected within a particular jurisdiction, and the term of the protection of the copyright differs by country.

International Rights in Trademarks

- Berne Convention – signatory countries (160) agree to recognize the copyright of authors from other countries in the same manner as such country recognizes copyright of its own citizens. Copyright is for 50 years after author’s death (minimum) but can be longer in Member Countries.
- WIPO Copyright Treaty – confirms that computer programs and databases are copyright protected and that transmission of works electronically is a right exclusive to copyright holder
- 2001 Directive on Copyright in the Information Society (EU) – intended to harmonize rights across EU Member States

TRADE SECRETS

A trade secret is a secret formula, method, or device that gives one an advantage over competitors. In order to be a trade secret, the information must be not generally known to others in the business community. If the owner of the trade secret takes reasonable steps to keep the trade secret private, courts will protect the trade secret owner from unauthorized disclosure by (1) industrial spies, (2) competitors who wrongfully acquire the trade secret, (3) employees of the owner of the trade secret, and (4) anyone with any type of duty not to disclose the information. Trade secret law is determined within a particular jurisdiction. Trade secret laws can enable and encourage technology transfer because they provide a commercially reasonable way to disseminate information. This is because requiring that disclosed information be kept confidential – for example, about customers and their needs and preferences – allows small and medium-sized enterprises to protect their business advantage.

INDUSTRIAL DESIGNS

These are the ornamental or aesthetic aspects of an article. An industrial design may consist of three-dimensional features, such as the shape or surface of an article, or of two-dimensional features, such as patterns, lines, or color. The Hague Agreement in basic terms is an international registration system allowing industrial design owners to apply for protection in multiple states and/or intergovernmental organizations (such as the EU) using a single international design application. American industrial design creators – who previously prepared and filed separate applications for each jurisdiction – can now file a single, English-language application with the WIPO directly, or indirectly through the U.S. Patent and Trademark Office (USPTO).

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GEOGRAPHICAL INDICATION

Geographic indicators (GIs) are names or signs used on certain products that identify a specific geographical location or origin (e.g., a town, region, or country). Examples are “FLORIDA” for oranges, “IDAHO” for potatoes, “VIDALIA” for onions, and “CHAMPAGNE” for sparkling wine. The use of a GI may function as a certification that the product possesses certain qualities, is made according to traditional methods, or enjoys a certain reputation, due to its geographical origin. GIs are granted within a given jurisdiction. In the US, they are certification marks. Other jurisdictions protect GIs based on their respective internal laws.

Considerations for Protecting and Then Exploiting Your IP

1 What of your IP is worth protecting?

- How will future operations be funded, and does having an expanded IP portfolio help with funding?
- What is the sales potential (by country) for products/ services incorporating IP?
- What are the cultural and business environments of countries under consideration (i.e., do they allow for enforcement if you protect your IP)?

2 Do you have more than one company (parent, sub, holding company), and if so, which should be the owner of the IP?

3 Where (in what countries) should you protect your IP?

- What filing obligations are imposed in the local country?
- Where will manufacturing take place?
- How close must inventories be to customers?
- Is a local legal entity required for legal reasons? Does that require forming another entity?

4 In addition to filing to register your IP, are there other concerns?

- What customs duties could be applicable?
- What local taxes are payable when and if a company withdraws from the local country (sale, liquidation, etc.)?
- Any value / tax savings to intercompany licenses (on shore / off shore)?
- Enforcement – what is realistic and where?

This white paper is intended to provide a basic overview of the forms of intellectual property and some initial considerations to contemplate when assessing protecting that intellectual property within and outside the US. Although we intend to provide an accurate summary, please remember that this white paper is naturally limited in scope and should not be relied upon without specific legal advice.

CONTACT THE CORPORATE & BUSINESS | INTELLECTUAL PROPERTY PRACTICE

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