


Chapter No. 7

Legal Challenges

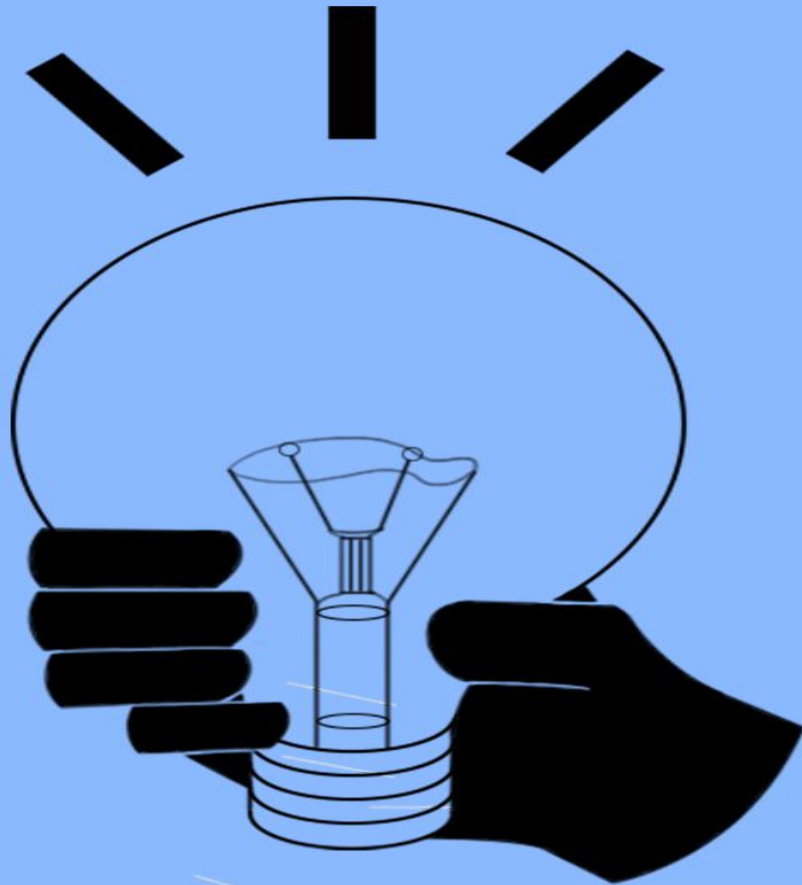
LEGAL



Software as an Intellectual Property
Rights & Obligations

Consultants **500**

Intellectual Property Protection (Patents)



Patent

['pa-tənt]

A legal document giving the holder exclusive intellectual property rights over a specific invention, patents are an important element in encouraging innovation.

Intellectual Property Rights

Intellectual property is the creations of the minds of an individual which has a commercial and moral value. Intellectual property rights (IPR) grants exclusive rights to an author for utilizing and benefiting from their creation.

Most Common Types of Intellectual Property



Copyright

Protects Artistic or
Literary Works



Trademark

Protects Phrases,
Symbols, Designs,
Logos, and Other Assets
Related to Products



Patent

Protects Different
Types of Inventions

What do you want to protect?



**Piece of content
or media**



Copyright



**Product, technology,
or chemical compound**



Patent



**Brand name
or logo**



Trademark

Why is Copyright important?



- You would want to protect anything you own
- Creators want to protect their works
- Provides incentive to create new works
- Guarantees that creators will be paid for the use of their works



Eligible for copyright protection



literary works



musical works,
including any
accompanying words



dramatic works,
including any
accompanying words



pantomimes &
choreographic
works



pictorial, graphic,
& sculptural
works



motion pictures &
other audiovisual
works



sound recordings



architectural
works

Benefits of Trademark Registration

- Trademarks represent goods or services originating from a specific person or entity;
- It assures that a producer or proprietor is behind the product or service;
- Trademark serves as a sign of consistent quality;
- Trademark assures that customers/users of the goods and/or service can communicate their complaints to the entity behind the trademark.
- A registered Trademark becomes the property of the registrant which he can sell, assign, license etc to others.
- The registrant has the right to use his/her trademark on his/her goods and services without any hindrance from any other party.

Example of trademark



Example of trademark



Example of trademark

Google™





Examples of Trade Secrets

- Customer lists
- Recipes
- Financial projections
- Business methods
- Marketing plans
- Formulas
- Devices
- Manufacturing techniques
- Processes
- Sales data
- Market studies
- Pricing information
- Computer programs

Trade Secrets – Specific Examples



KFC's 11 Secret Herbs
and Spices



Coca-Cola's Secret Soft
Drink Formula

Based on Disadvantages of “Trade Secrets”....

We should go with ??? Patent.....

Trade Secrets as a Consideration

Advantages:

- No registration process
- Immediate
- Can last forever

Disadvantages:

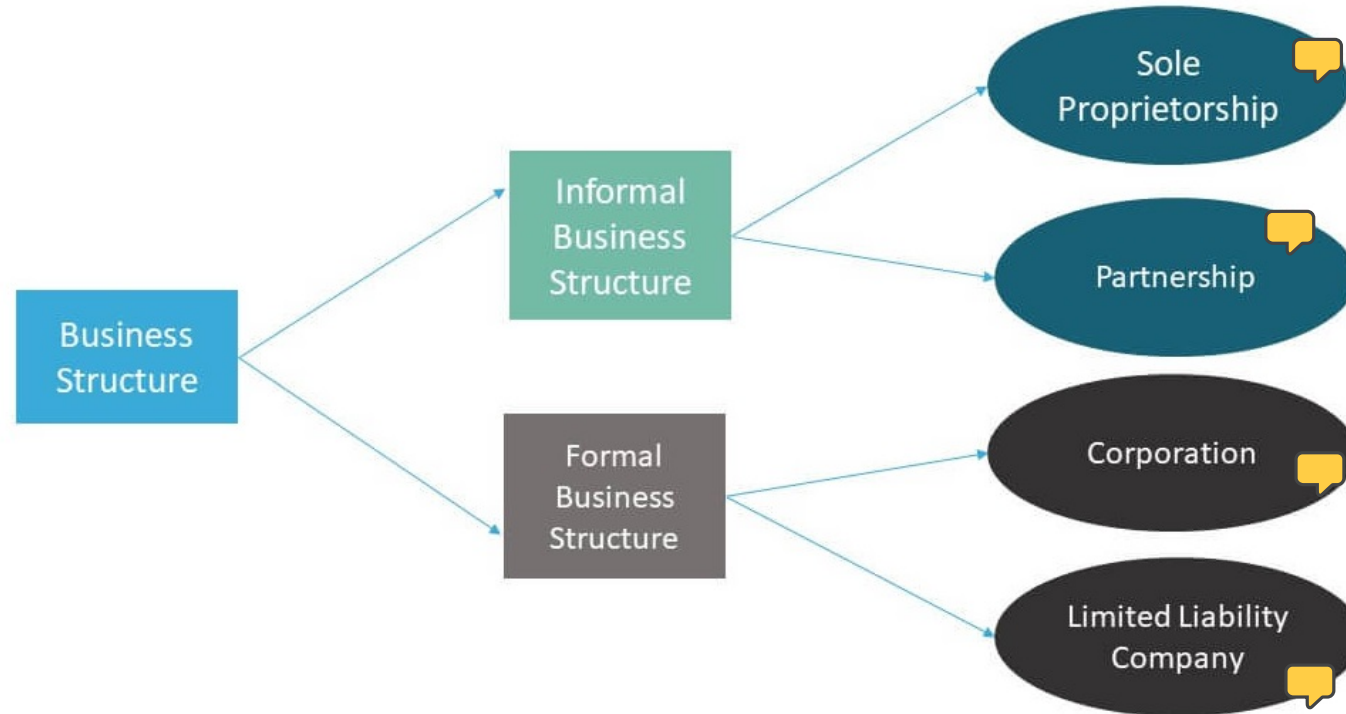
- Not suitable if invention can be reverse engineered
- Once the secret is out, anyone can use it
- Doesn't stop a competitor from legitimately inventing the same thing
- More difficult to enforce than a patent

How important it is to know about “Intellectual Property Protection”?



Legal Structures for Entrepreneurial Ventures

Business Structure



Legal Structures for Entrepreneurial Ventures



LLC

Simple management structure

Less paperwork; no
meeting requirements

No double taxation on salaries

Distributes ownership freely

VS



Corporation



Formal management structure

Ability to raise capital by
issuing stock

Tax deductible fringe benefits

Ownership represented by stock

ADVANTAGES & DISADVANTAGES OF SOLE PROPRIETORSHIP

ADVANTAGES	DISADVANTAGES
1. Easy to Form and Dissolve.	1. Business Continuity Problem.
2. Direct Incentives.	2. Limited Managerial Ability.
3. Sole Profit Receiver. 	3. Limited Capital.
4. Total Business Control.	4. Unlimited Liability.
5. Tax Advantages.	5. Not Suitable for Large Scale Operations.
6. Source of Employment.	
7. Privacy,	
8. Direct Relationship with Customers.	

Partnership firm Advantages and Disadvantages

1. **Easy to start**
2. **Tax liability is less**
3. **Easy to raise funds**

1. **Every partner is liable for losses**
2. **Misunderstanding can cause disruption**
3. **Partners have to share the profits**

Or you may call: 8881-069-069 for Assistance



Advantages and Disadvantages of Corporations

- Advantages:

- Limited liability
- Transfer of ownership
- Perpetual life
- External sources of funds
- Expansion potential

- Disadvantages:

- Double taxation
- Forming a corporation
- Disclosure of information
- Employee-owner separation



I. Advantages of LLC

- I. Limited liability of the owners.
- II. Positive public perception.
- III. Easy transfer of proprietorship.
- IV. Tax advantages.

II. Disadvantages of LLC

- I. Strict compliance (laws).
- II. Winding up procedure is very lengthy.



Which one you think is the best way to form or start business?

1. Sole proprietor ship.
2. Partnership.
3. Limited Liability Company.
4. Corporations.

