



Executive Education: Mini MBA Program

# Legal and Social Environments of Business

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Professor

# **Outline of the Course**

- I. Introduction**
- II. Dispute Resolution**
- III. Intellectual Property**



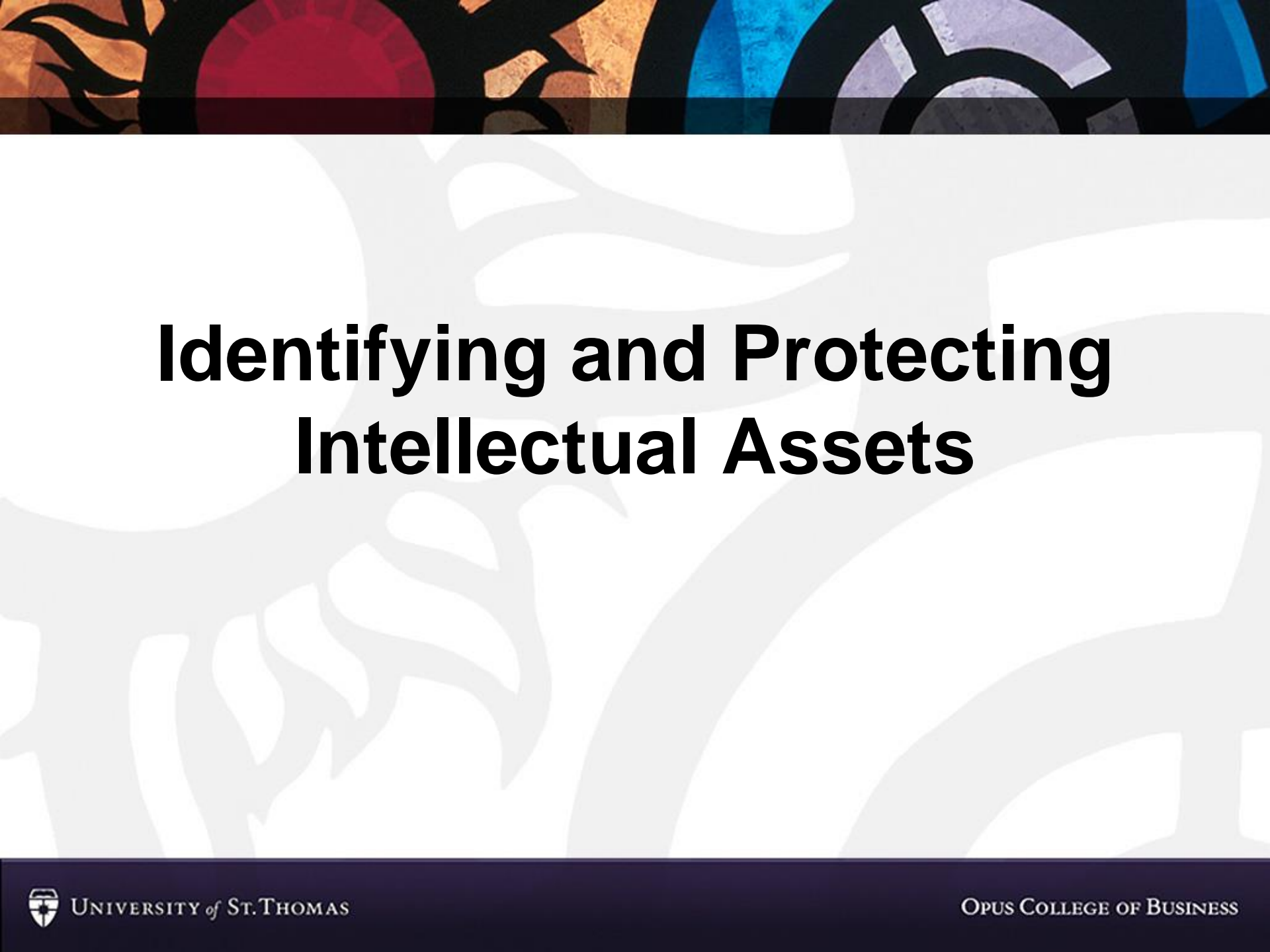
# **Dispute Resolution**

## **The Simulation**



# The American Civil Jury

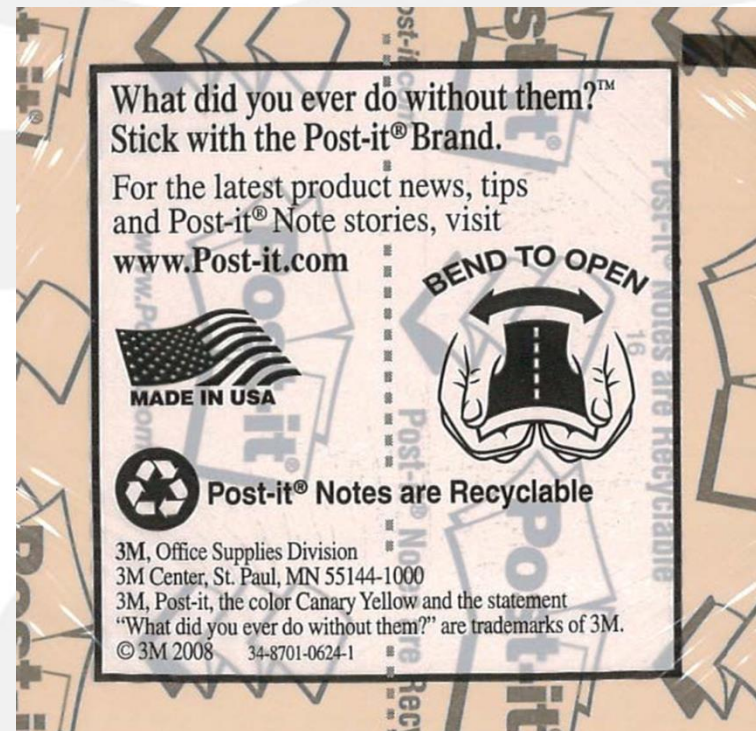
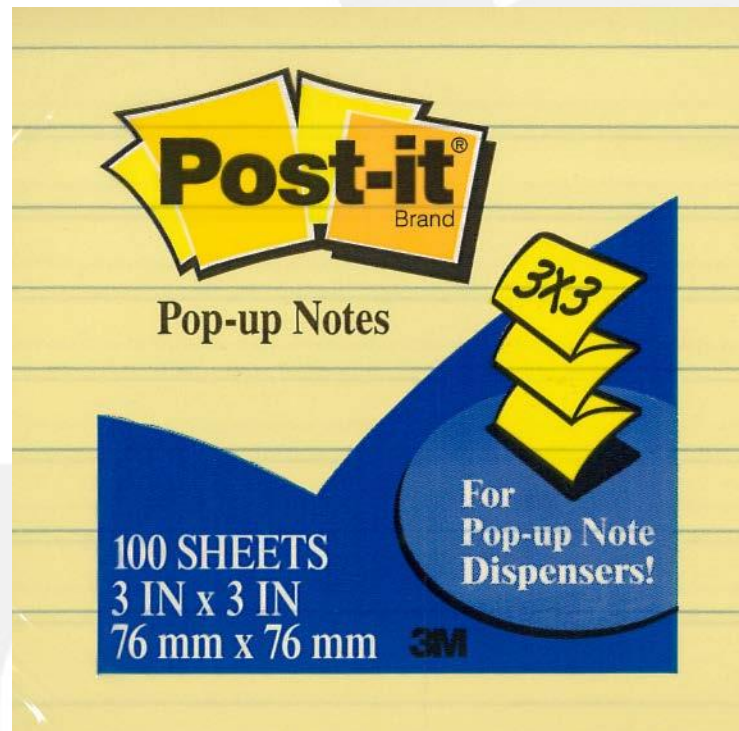
- Constitutional or Statutory Issue
- Lessons?
- Alternatives
  - Mediation
  - Arbitration



# Identifying and Protecting Intellectual Assets







# Forms of Intellectual Property Rights (IPR)

- **Artistic Property**
  - Copyright  
(Author's Rights & Neighboring rights)
- **Industrial Property**
  - Inventions
    - PATENTS
    - TRADESECRETS
  - Marks (trademarks, service marks, etc.)

# Protecting IPR: Country Specific

- National IPR Laws
- Foreign Laws
- International Laws





# Copyright ©

<http://www.copyright.gov/>



# Copyrightable Subject Matter

## US Federal Law

**Original** works of **authorship**

**Fixed** in tangible medium of expression

now known or later developed, from which they can be perceived, reproduced or otherwise communicated, either directly or indirectly with the aid of a machine or device.

# Copyrightable Subject Matter

## US Federal Law

### For Period of Years

- Life of author + 70 or
- Anonymous works or Work-for-hire: 90 from first publication or 100 from creation

# Copyrightable Subject Matter

- (1) Literary
- (2) Musical works
- (3) Dramatic Works
- (4) Pantomimes & Choreographic Works
- (5) Pictorial, graphic, sculptural works
- (6) Motion pictures & audiovisual works
- (7) Sound recordings
- (8) Architectural

# © only protects FORM of EXPRESSION:

Not

- idea,
- procedure,
- process,
- method of operation,
- concept,
- principle, or
- discovery





# Owner's Exclusive Rights under US © Law

## Economic Rights Approach

- Reproduce (copy)
- Prepare Derivative works
- Distribute copies
- Perform publicly
- Display publicly

*Moral Rights [Attribution & Integrity]*

# **US Copyright Law**

## **Works Made for Hire**

**Ownership**

**Authorship**

- **Employee**
- **Commissioned Works**
  - **Statutory Categories, including audio visual works**
  - **Non Statutory Category**

# **Illustration**

**U.S. based company assembles team to develop a new smartphone game application:**

- Graphics**
- Music**
- Software**

# Limitations to Exclusive Rights

## Fair Use

### Factors

- (1) Purpose and Character of Use
- (2) Nature of the work
- (3) How much was used
- (4) Impact on market for the work

# Tom Forsythe Food Chain Barbie

## © Infringement? Trademark infringement?





# **PATENTS**

**Federal Law in the U.S.**

**<http://www.uspto.gov/>**





# How to Protect an Invention

- Patent?
- Trade Secret?

# What is a Patent?

**Exclusive right to property granted by government to an Inventor:**

- ***Exclude others*** from making, using, selling, offering for sale or importing
- ***For a limited time (20 years)***
- ***In exchange for public disclosure of the invention***

# Utility Patent

**Issued for invention of new & useful**

- Process**
- Machine**
- Manufacture, or**
- Composition of matter, or**
- new and useful improvement**

# Requirements

- **Utility**
- **Novelty**
- **Non-Obvious**

## No patents for

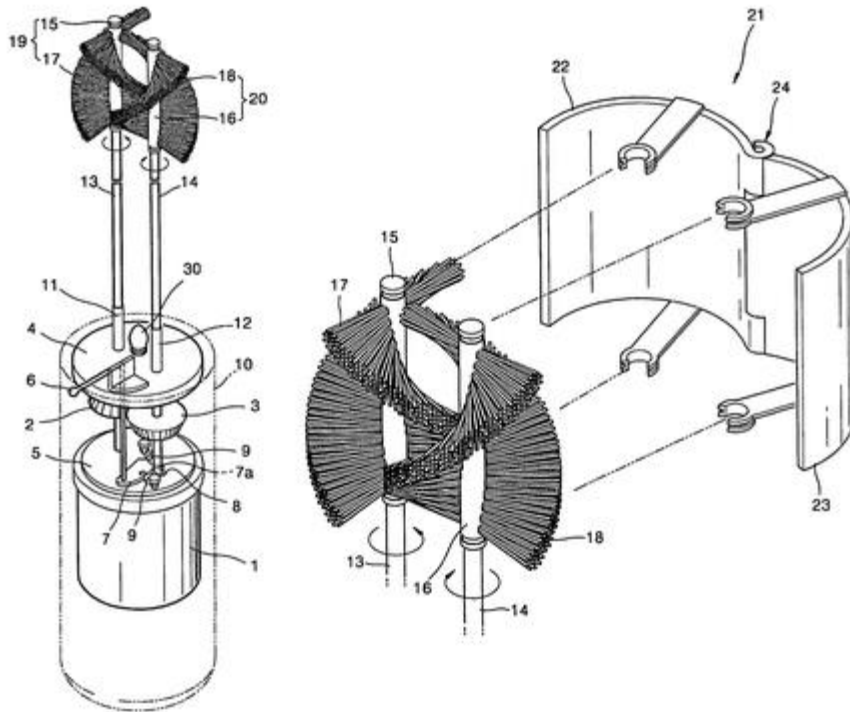
- **Laws of nature or scientific principles**
- **Physical phenomena**
- **Abstract ideas, discoveries, scientific theories, mathematical methods, laws of nature**
- **America Invents Act**
  - **Human organisms and tax strategies**

# Minnesota Example



# US 7,222,382 B2

## ELECTRON-MOTION TOOTHBRUSH



An electro-motion toothbrush comprising: a case containing a driving unit, the driving unit including; a power source, first and second rotation gears which engage each other and are rotated by power from the power source, and first and second rotation support shafts, connected to and activated through first ends fixed to the first and second rotation gears, respectively, and having second ends; first and second toothbrush support rods which are flexible and rotated by the driving unit in directions opposite to each other, wherein the second ends of the first and second rotation support shafts are connected to the first and second toothbrush support rods, respectively; first and second toothbrush heads connected to ends of the first and second toothbrush support rods, respectively; first and second toothbrush bristles implanted along a lengthwise direction of the first and second toothbrush heads, which interweave with each other, and which do not cross each other during rotation of the first and second toothbrush support rods; and an interval adjustment unit installed at the case and adjusting spacing between the first and second toothbrush support rods.



# Design Patent

- Novel
- Original
- Ornamental

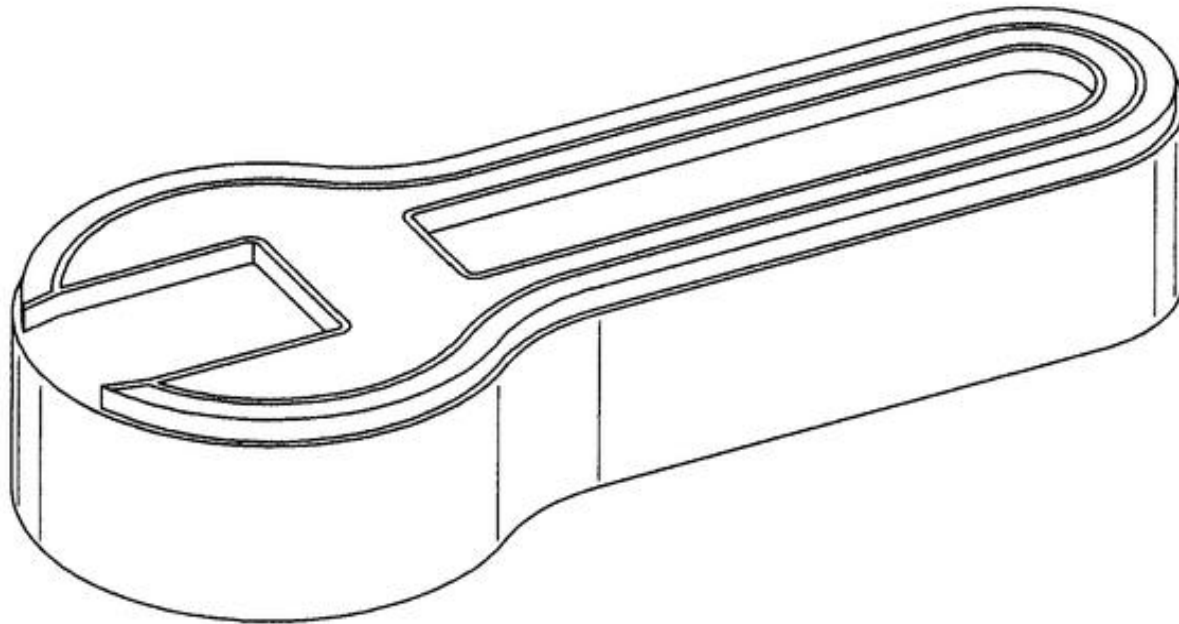
Design of Manufacture

14 years – exclude others from making, using, of selling the design

# **US D544,176 S**

## **WRENCH SHAPED MINT**

**Edward Scott Rubin, 1117 N. Orange Dr. #301, Los Angeles, Calif.  
90038 (US)**



# US D543,349 S BANDAGES POUCH

Wayne K. Dunshee, Maplewood, Minn. (US) Assigned to 3M Innovative Properties Company, St. Paul, Minn. (US)



# Plant Patent

Protects new and distinctive asexually reproduced plant varieties

- Sexually reproduced varieties protected by the Plant Variety Protection Act

# America Invents Act

## Sept 2011

- As of **March 16, 2013** **First-Inventor-to-File** system (not First-to-Invent)
- **Novelty**—Before filing application, inventor should not
  - **Talk about or demonstrate invention** (unless NDA)
  - **Offer for sale or advertise**
  - **Sell the invention**

# Patents: International Issues

- **Patent Cooperation Treaty (PCT)**
  - WIPO [World Intellectual Property Organization]
  - Priority Claim (30 months to begin prosecution in another signatory country)
- **European Patent Convention**
  - One application system for European Patent
  - Becomes national patent
  - Utility patents only [not design patents]



# Infringement

Make, use or sell invention within specified territory during term of the patent



# **Trade Secrets**

**State Law  
&**

**The Economic Espionage Act of 1996**



# Trade Secrets

Trade secrets are protected to forestall unfair & unethical competition, to encourage invention, to promote efficient use of information within an organization

Conversely – protection limited so not to stifle competition

# Trade Secret

## Uniform Trade Secrets Act

- Information**, including formula, pattern, compilation, program, device, method, technique or process that
- Derives independent **economic value** (actual or potential) from
    - Not being generally known to &
    - Not being readily ascertainable by proper means by others who could obtain economic value from disclosure or use AND
  - Is the subject of **reasonable efforts** to maintain secrecy

# Misappropriation (not infringement)

Wrongfully acquired, disclosed, used:

- ➔ Explicit obligation (Contract)
- ➔ Implicit obligation (Agency)
- ➔ Tort Theory

# Misappropriation

Improper means

- Illegal
- Morals of the Market Place



# Protecting Trade Secrets

- Notification
  - Employee & Third Party Training
  - Nondisclosure Agreements
- Security
- Exit Interviews

# Economic Espionage Act of 1996

(18 U.S.C. §§ 1831-1839)

- Makes the theft or misappropriation of a trade secret a federal crime

# EEA

## Economic Espionage

- Individual
  - 15 yrs. &/or \$500,000
- Company
  - Up to \$10 million (per violation)

## Theft of TS

- Individual
  - 10 yrs. &/or \$250,000
- Company
  - Up to \$5 million (per violation)



# **Distinctive Marks**

**US Federal [The Lanham Act] &  
State Systems of Protection**



# Distinctive Marks

- Trademarks

*Trade name?*

*Business name?*

- Service marks
- Collective marks
- Certification marks

# Trademarks

- Sign:
  - Word, Name, Symbol, Phrase or Device or Combinations
  - Trade dress (shape of goods or packaging)
- Used by manufacturer or merchant
  - Indicates source, sponsorship, approval or affiliation



# Form



JOHN DEERE



Westlaw.



CNN.com



Google

Coca-Cola

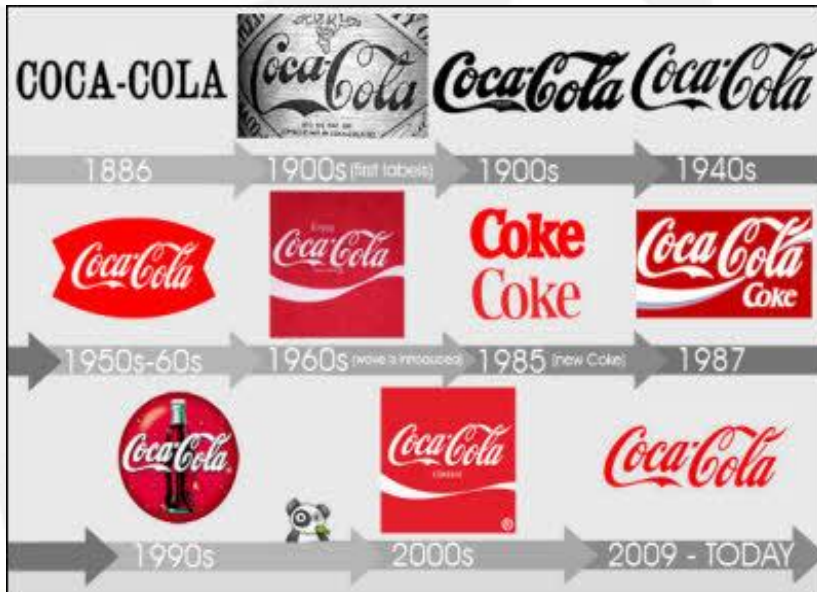
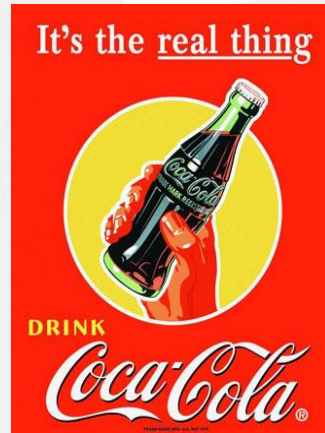
IBM



KANSAS  
as big as you think



## Trademark Logos of Coca-Cola and Coke



## Coca-Cola Bottle Shape



Int. Cl.: 41

Prior U.S. Cls.: 100, 101, and 107

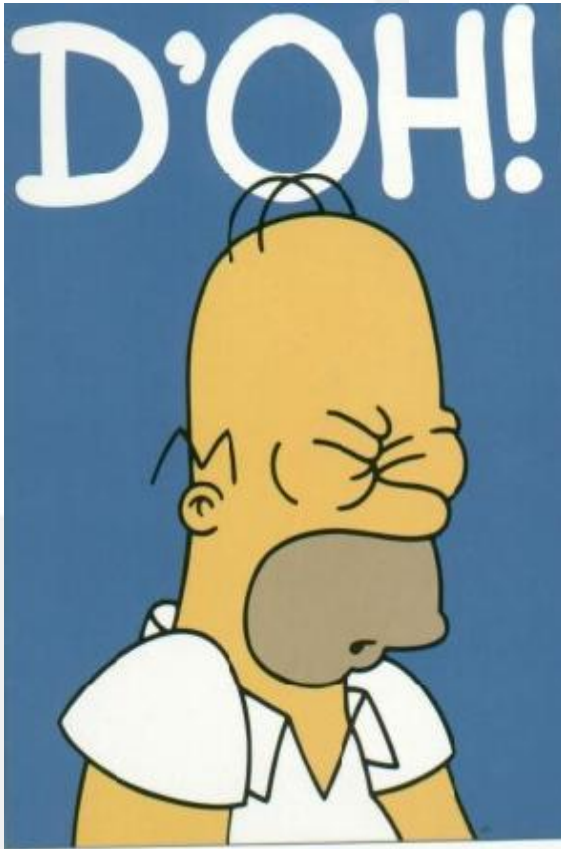
Reg. No. 3,411,881

Registered Apr. 15, 2008

United States Patent and Trademark Office

**SERVICE MARK  
PRINCIPAL REGISTER**

**NO DRAWING-SENSORY MARK**



20TH CENTURY FOX FILM CORPORATION  
(A TIME WARNER COMPANY)  
500 BOWLING GREEN BOULEVARD  
KEMAH, TEXAS 77565-1100

ENTERTAINMENT SERVICES IN THE  
AN ANIMATED TELEVISION SERIES,  
(U.S. CLS. 100, 101 AND 107).

7-14-2007; IN COMMERCE 7-14-2007.

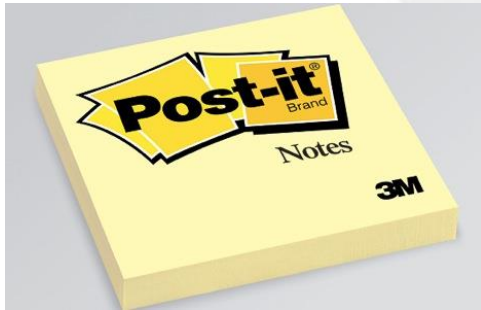
THE MARK CONSISTS OF THE SPOKEN WORD  
"D'OH".

SN 76-280,750, FILED 7-3-2001.

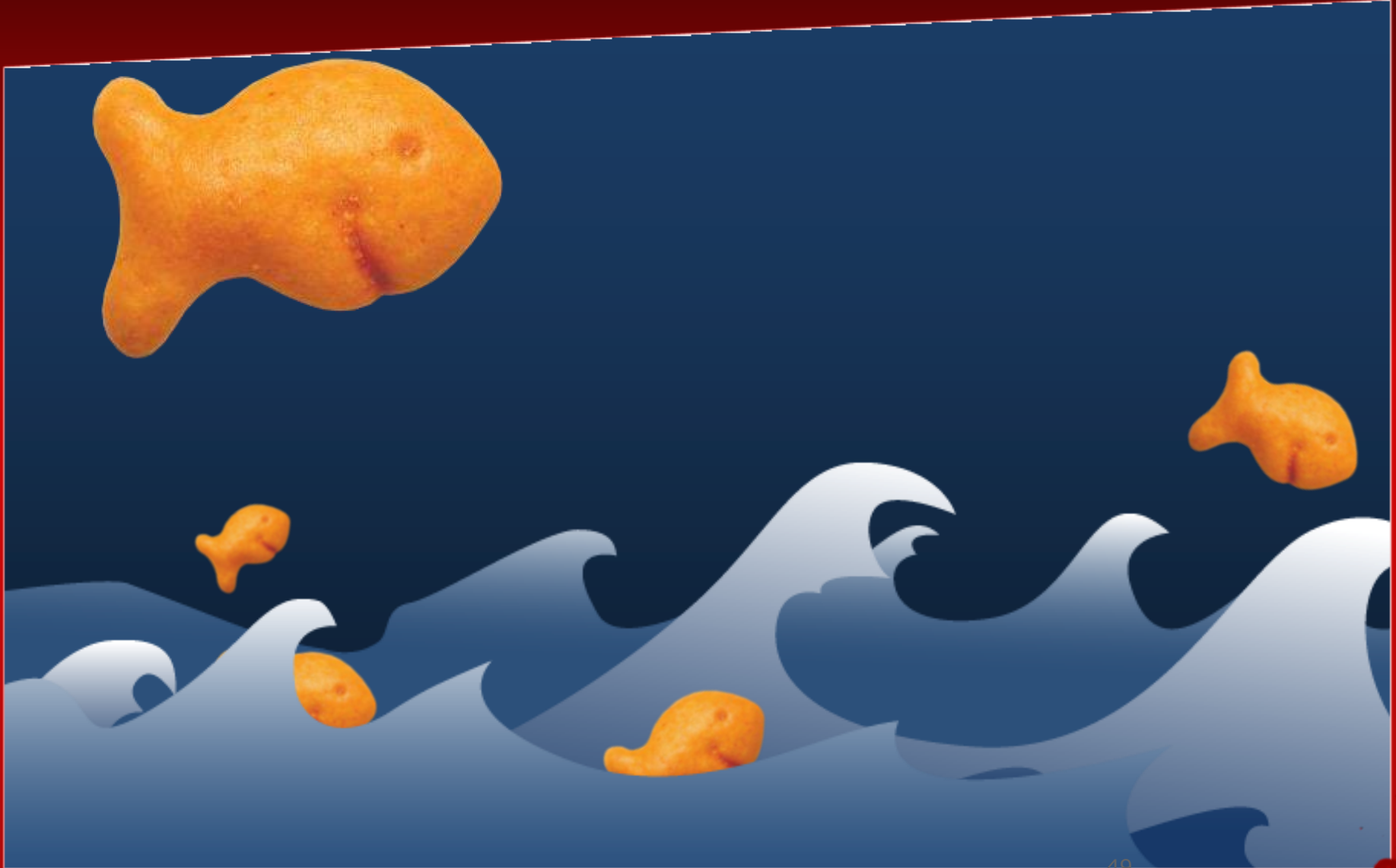
BARBARA GAYNOR, EXAMINING ATTORNEY



# Color Marks

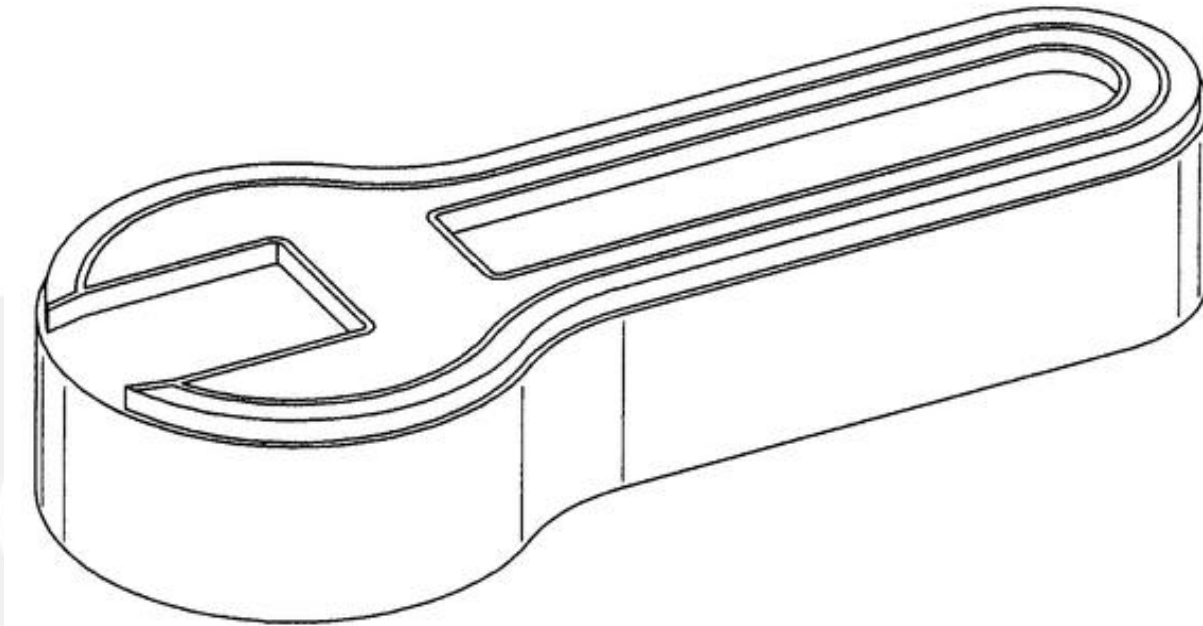


# Product Configuration



# Trademark???

## (Trade dress)



# How Strong is Your Mark?

## Marks must be Distinctive

- Fanciful or Arbitrary

*Apple Computer®*

- Suggestive

*Apple Healthplan*

- Descriptive

*Cranapple®*

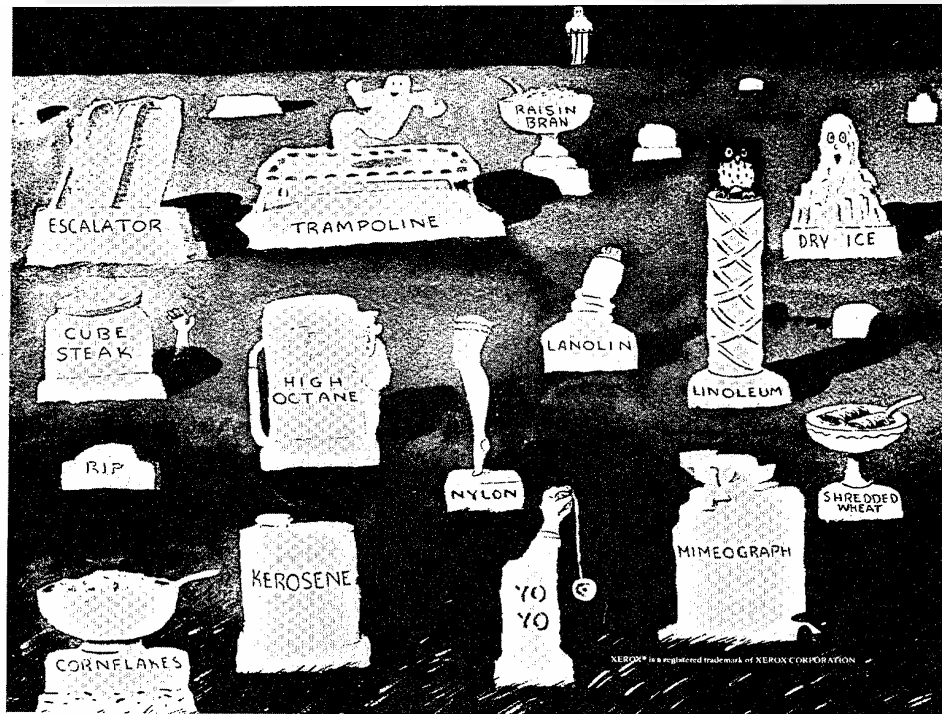
- Requires “Secondary Meaning”



# Generics – No trademark protection

- *Apple Orchard*

# Generics



# Protect your Marks!

- ✓ Use trademark as trademark  
adjective identifying goods
- ✓ Printed materials  
® TM
- ✓ Police your trademark

# Creating Trademark Rights

## USE IN TRADE –

- U.S.A.
- Canada
- Philippines

## REGISTRATION

- Most Countries
- U.S.A.
  - Intent to Use Registration (ITU)

# US Registration

- US Patent & Trademark  
<http://www.uspto.gov/>

10 years

Renew indefinitely if not abandoned

- Proof of Ownership
- Right to Use
- Prevent Importation of Gray Market goods

# MN Registration

- Minnesota Secretary of State

<http://www.sos.state.mn.us/business/pdf/bus42.pdf>

State registered marks don't appear on  
Federal Register

# International Issues

Trademark Rights are “Geographically Bounded”  
– Enforced only in particular jurisdiction

Protecting Rights in another country → Follow  
procedures in EACH COUNTRY IN WHICH  
YOU WISH PROTECTION

(there is now an EU Trademark)

Nike and the Barcelona Olympics



# Infringement

- Identical symbols on same kind of product
- Product the same, signal not identical
- Same (or similar signal) on different goods

# Major issue in Infringement Cases

## Legal Test

*Likelihood of consumer confusion  
as to the products source  
among an appreciable number of ordinary  
prudent purchasers*

# Factors

1. Strength of the Mark
2. Degree of Similarity of the Marks
3. Product Proximity
4. Bridging the Gap
5. Actual Confusion
6. Junior User's Good Faith
7. Quality of Respective Goods
8. Sophistication of relevant consumers



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# B. magazine

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University of St. Thomas  
Opus College of Business  
Fall 2009

## Cap and Trade: The Business of Saving the World

Teaching the Catholic  
Intellectual Tradition

Learning to Say 'Yes'

