

PATENT, TRADE SECRET, TRADEMARK, AND COPYRIGHT LAW:
A PRIMER

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PATENT, TRADEMARK, AND COPYRIGHT LAW:
A PRIMER FOR THE LICENSING EXECUTIVE

This primer gives an overview of patent, trademark, and copyright law. None of the statements made here should be considered to be the last word governing any particular situation. The statements, rather, are general in nature and you should obtain the *advice of competent counsel* before you take any action or make any decision concerning a patent, trademark or copyright.

The attached appendices include sample license agreements. You may need to consider provisions other than those suggested or matters other than those addressed before you negotiate and execute any license agreement. **PLEASE SEEK THE ADVICE OF COMPETENT COUNSEL BEFORE NEGOTIATING OR EXECUTING ANY SUCH AGREEMENT.**

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I. PATENT LAW

A. What Is A Patent?

A *PATENT* is a grant from the U.S. government giving its owner the right to *exclude* others from making, using, or selling what has been claimed as an invention. There are several types of patents.

1. A *UTILITY PATENT* can be obtained for processes, machines, compositions of matter, and new uses for known devices or compositions.
2. A *DESIGN PATENT* is available for any new, original, and ornamental design for a manufactured article, such as the design of a table lamp or a pattern for silver flatware.
3. A *PLANT PATENT* is available for any new, distinct variety of an asexually reproducible plant.

B. Who May Apply For a Patent?

The inventor is the only person who may apply for a patent, although the patent rights are often immediately assigned to the inventor's employer or some other assignee. The inventor is the person who first conceived of the invention and reduced it to practice. Reduction to practice can be accomplished by filing a patent application (constructive reduction to practice) or by making the invention and demonstrating that it works for the intended purpose (actual reduction to practice). The application must include an oath by the inventor that s/he believes s/he is the *original and first* inventor. An invention may have several inventors, but each must have contributed something more than "ordinary skill" in the field.

C. What is the Date of Invention?

The date of invention is presumed to be the date on which a patent application is filed. However, an earlier date of invention may be shown in order to establish superior rights. That earlier date may be when the invention was first conceived or physically constructed and tested. This earlier date of invention may be established with reference to acts performed or knowledge gained in any World Trade Organization member country (With the exception of Mexico and Canada, the acts outside of the U.S. must have occurred on or after January 1, 1996.)

D. What Are The Requirements For A Patentable Invention?

1. In order to obtain a valid patent, the invention must be USEFUL, NOVEL and NONOBVIOUS.
2. The patent application will usually recite the advantages of the invention over previous inventions in the field to establish USEFULNESS.
3. NOVELTY is defined by statute, and a person is entitled to a patent unless:
 - a. *before the invention date* the invention was:
 - publicly known in the US
 - used in the US
 - described in a patent application filed in the US, if that application eventually issues as a patent
 - patented in the US or a foreign country,
 - described in a publication in the US or a foreign country
 - b. *before the invention date* someone else invented the invention, and did not abandon, suppress or conceal it,
 - c. *more than one year before an application was filed in the US*, the invention was:
 - offered for sale in the US
 - in public use in the US
 - patented in the US or a foreign country
 - described in a publication in the US or a foreign country
 - d. *more than one year before an application was filed in the US*, an application for the same invention was filed in a foreign country, and the foreign patent subsequently issued before the filing in the US, or
 - e. the inventor abandoned the invention (ceased efforts to develop the invention or file a patent application) and during the period of inactivity another person entered the field and began work on a similar invention.

The events set forth above are known as PRIOR ART.

3. The invention must have been NONOBVIOUS to a person of ordinary skill in the art to which the invention pertains at the time the invention was made. The standard is a very difficult one to apply since the solution to a problem may appear to be obvious after it is discovered. In order to prevent subjective determinations, courts have considered objective indicia of nonobviousness including: longfelt but unsolved need,

failure of others, commercial success of the invention, acquiescence in the rights of the patent owner, copying of the invention by an infringer, etc.

E. What Protection Is An Alternative To A Patent?

Even if a discovery or a development qualifies for patent protection, the owner may opt to maintain the information as a TRADE SECRET. Trade secret protection is available even if the discovery does not qualify for patent protection. Trade secret law prevents the unauthorized use and disclosure of a trade secret by one who has improperly obtained access to the information. Trade secret law offers no protection where another has independently developed the same information claimed as a trade secret or reverse-engineered the product that embodies the trade secret.

F. How Is A Patent Obtained?

1. Normally, when an inventor consults a patent attorney, the attorney will recommend that a PATENTABILITY SEARCH be conducted. A search usually entails reviewing certain United States Patent and Trademark Office (PTO) files in order to locate patents and publications closely related to the invention. Based on what he learns in the search, the lawyer tells the client whether he is likely to get a patent. The lawyer communicates this advice in a PATENTABILITY OPINION.

2. If the lawyer recommends filing for a patent, he then prepares a patent application. An application consists of:

a. A SPECIFICATION, which includes a description of the invention and the best way to carry out the invention. It concludes with one or more CLAIMS, which legally define the invention in the same way that a description in a deed describes the boundaries of the property;

b. A drawing or drawings if needed;

c. An oath by the inventor(s); and

d. A required fee. (Patent fees are less for certain qualified inventors, small businesses, and nonprofit organizations.)

3. The inventor(s) review and sign the application. The lawyer then files the executed application with the PTO.

4. In the PTO, after the filing formalities have been met, the application is assigned to an EXAMINER. The EXAMINER and attorney (or patent agent) then begin a series of communications. Typically, the Examiner rejects some or all of the claims based on a variety of reasons, such as failure to meet one or more of the requirements set forth above.

5. While a patent application is pending, the information it contains is kept secret. Once the PTO issues the patent, the public has access to the patent and the FILE WRAPPER. The FILE WRAPPER contains all communications to and from the PTO regarding the patent.

6. Normally, it takes several years to obtain a patent.

G. What is a Provisional Application?

A provisional application may be filed in the United States to establish an early filing date. This will allow inventors to perform some activities, after filing the provisional application but before filing a full application, that would otherwise bar the inventor from obtaining a patent.

The provisional application includes the name(s) of the inventor(s), a specification and drawings, but no patent claims or inventor's oath. A full application **must** be filed within one year of the filing of the provisional application in order to gain the benefits of the provisional.

H. What Rights Does A Patent Owner Have?

1. Utility and plant patents, issued before June 8, 1995 or which are based on an application filed before that date, have a life of seventeen (17) years from the date that they issue or 20 years from the application date, whichever results in the longest term. For utility and plant patent applications filed on or after June 8, 1995, the patent term will be variable. It will begin when the patent issues and will end 20 years from the date the patent application was filed.

In order to maintain the patent during its term, specified maintenance fees must be paid periodically.

Design patents have a life of fourteen (14) years.

2. The owner of a patent is entitled to exclude others from making, using, selling, offering for sale, or importing what is claimed as the invention.

3. The patent owner may license the rights owned in a patent application or an issued patent. See Appendix A for a draft of a sample patent license agreement.

I. Who Is The Patent Owner?

1. Usually, the first person(s) to conceive and physically construct the invention or the first person(s) to conceive and file a patent application is the owner. In some instances, employees may be bound by contract or law to assign their ownership rights to their employer.

2. Where an inventor has not been hired to do development work or where the inventor works on developments other than those related to his employer's business, the employee is the owner of the invention. Where the employee develops the invention during work hours, or uses his employer's resources in making the invention, the employer may have a SHOP RIGHT. That right consists of a royalty-free license to practice the invention.

3. Inventors own certain inventions they make while working under government grants, but the government has a nonexclusive royalty-free license to practice the invention.

4. Where there are joint owners of a patent, one owner may exploit the patent without obtaining consent from or accounting to the other owner, unless there is an agreement to the contrary.

5. ASSIGNMENTS of any interest in a patent or patent application should be filed in the PTO within three months after the parties execute the assignment.

J. How Is A Patent Enforced?

1. Patent owners usually enforce their rights by filing patent infringement lawsuits against infringers in appropriate federal district courts. Since a patent is presumed to be valid, the patent owner need only establish ownership, infringement, and damages.

2. Whether the invention has been copied or designed independently, the patent owner establishes infringement by showing that each part of the claimed invention or its equivalent is incorporated in the infringing product or performed in the infringing process.

3. The accused infringer may defend himself by making any number of arguments. Among other things, he may argue that the patent is: (a) invalid because the invention did not meet the requirements of the statute (was not new, useful or nonobvious); (b) unenforceable because of some inequitable or inappropriate conduct; or (c) not infringed.

K. What Are The Remedies For Patent Infringement?

1. The owner of a valid patent who has successfully established infringement may be entitled to:

- a. An INJUNCTION prohibiting continued infringement;
- b. COMPENSATORY DAMAGES ranging from the profits lost by the patent owner as a direct result of the infringement to, at the very minimum, a reasonable royalty;
- c. INCREASED DAMAGES (up to three times compensatory damages) based on willful infringement or some other inappropriate conduct; and
- d. In exceptional cases, ATTORNEY FEES.

2. For infringement of a design patent, the patent owner is entitled to no less than \$250 for each infringement.

3. To be entitled to damages as a result of infringement of a product patent, the patent owner must show that all of the patented products sold were marked with the United States Patent number or that the infringer was given actual notice of the infringement. If the patent owner cannot demonstrate either one of these two events, he is only entitled to recover damages sustained after he filed the lawsuit.

L. Can Defects In A Patent Be Corrected?

1. For certain defects in a patent, a patent owner may file an application for REISSUE of a patent to remedy the defect. If such an application is filed within two (2) years after the patent was originally granted, the patent owner may be entitled to ENLARGE the scope of the claims. For reissue applications filed more than 2 years after the original patent issued, the claims may not be enlarged.

2. REEXAMINATION is another avenue for correcting possibly defective patents. It is available only if the PTO determines that a substantial new question of patentability exists. A new question of patentability may be created if previously

undiscovered, related patents or printed publications come to light. Reexamination may be requested by anyone. It may also be requested anonymously. Claims *cannot* be broadened by a reexamination procedure.

M. How Are Rights Protected Outside Of The United States?

1. A United States patent protects the invention in the United States and its territories. However, certain acts in foreign countries if coupled with importation into or exportation from the United States may infringe United States patents. Foreign protection for the invention must be obtained in each foreign country, although an inventor can obtain patent protection in western European countries through a consolidated filing procedure.

2. If the invention merits foreign protection, the inventor should file the United States patent application before he publicly discloses the invention. Then, he should file foreign applications within one (1) year of filing the U.S. patent application in order to claim the benefit of the U.S. filing date. **Public disclosure of the invention *before* filing in the United States may bar patent right in many foreign countries.**

3. See Appendix B for more information on the international protection of industrial property rights.

N. Should Developers Of New Products Be Concerned About Patents Owned By Others?

1. Our laws require that a person who knows of a patent must avoid infringing it. Any individual or company embarking on a new product program should obtain advice from competent counsel before making any significant investment for a new product or process. Advice should also be sought if an old product is being redesigned or an old process is being changed.

2. **FAILURE TO PROCURE COMPETENT LEGAL ADVICE MAY RESULT IN AN AWARD OF UP TO TREBLE DAMAGES AND ATTORNEYS' FEES IN A PATENT INFRINGEMENT CASE.**

II. TRADEMARK LAW

A. What Are Marks?

1. A *TRADEMARK* includes any word, name, symbol, or device or any combination of these that one adopts and uses to identify one's goods and distinguish them from those sold by competitors.
2. A *SERVICE MARK* is used in the sale or advertising of services. It identifies and distinguishes one's services from those available from one's competitors.
3. A *CERTIFICATION MARK* is used on or in connection with products or services provided by persons other than the owner of the mark. Certification marks certify a product's or service's origin, material, mode of manufacture, quality, accuracy, or other characteristics.
4. A *COLLECTIVE MARK* is a trademark or service mark used by members of a cooperative, association, or other collective group. It is used to indicate membership in the collective.

B. What Can Function As A Mark?

1. Marks consisting of words are perhaps the most common type of trademark. WHOPPER hamburgers, SHELL gasoline, BMW cars, and COURVOISIER cognac are a few examples.
2. Any symbol other than words can be employed as a mark including: slogans, logos, pictures, symbols, letters, numbers, labels, designs, configurations, sounds, color, color combinations, and fragrances. (Legal authority divides on the issue of whether color *per se* may be protected as a trademark.) Even architectural features, such as FOTOMAT's building, may be used as trademarks. Virtually anything can be a trademark provided it *functions* as one.

C. What Different Types of Marks Exist?

1. The strongest type of mark is one that is ARBITRARY or FANCIFUL. These types of marks do not connote anything with respect to the product or its characteristics. Arbitrary marks include coined words such as EXXON or KODAK, which have no meaning, or words or symbols that have a meaning in a different context. For example, SHELL for gasoline and the figure of the PILLSBURY Dough Boy for flour are arbitrary trademarks.

2. Another category of marks is SUGGESTIVE marks. As the name implies, these marks suggest, but *do not describe*, characteristics of their corresponding products. COPPERTONE for suntan lotion and RALLY for car wax are examples.

3. DESCRIPTIVE marks describe the goods themselves or some characteristic of the product, its function, use, or place from which the product originates. The line of demarcation between a descriptive and suggestive mark is an important one. With fanciful or suggestive marks, protectable rights accrue starting from the date that the marks are actually adopted and used. Fanciful and suggestive marks are thus inherently DISTINCTIVE. As distinguished, rights are obtained in a descriptive mark only after it is established that the mark has a SECONDARY MEANING. A mark has secondary meaning when it is shown to have significance in identifying the source of goods or services as opposed to its primary significance as a descriptive term.

4. Some terms, when used in a particular context, are legally incapable of functioning as a trademark. These terms, known as GENERIC terms, are the common descriptive name for an article. For example, the term "shoe" is incapable of functioning as a trademark for a shoe product. However, the term "shoe" can function as a trademark for a product that is not a shoe. Frequently, trademarks are misused in everyday parlance and ultimately become the common name for the goods on which they were originally employed as a trademark. Examples of trademarks that have become common names include ASPIRIN, ESCALATOR, THERMOS, BRASSIERE, and DRY ICE. A trademark that has become a common descriptive term can reacquire trademark status. SINGER for sewing machines is an example of such a trademark.

5. Before a businessman adopts and uses a trademark, he should be aware that certain marks are not registrable, such as those that consist of:

- a. immoral, deceptive, or scandalous matter or matter that disparages or falsely suggests some sort of connection with a person (living or dead), institutions, beliefs, or national symbols;
- b. the flag or other insignia of the U.S., any state or municipality, or any foreign nation;
- c. the name, portrait, or signature of a living person (except by written consent) or the name, signature, or portrait of a deceased president of the U.S. while the president's widow is alive (unless written consent of the widow is received); or

d. a mark that is likely to cause confusion, mistake, or deception with one that has been previously used or registered.

D. How Are Rights Acquired And Transferred?

1. In the United States, common law rights in a mark are acquired by ADOPTION AND USE of the mark on a product or in connection with services for the purpose of distinguishing one's goods or services from a competitor's.

2. In most foreign countries, rights are *not* acquired by use; rather, trademark rights are acquired by registration. THE UNITED STATES TRADEMARK SYSTEM WAS CHANGED ON NOVEMBER 16, 1989 TO PERMIT SOMEONE TO RESERVE A TRADEMARK AND FILE AN APPLICATION TO REGISTER WITHOUT ACTUALLY HAVING USED THE MARK. Under the new law, applications for intent to use may be filed based on a bona fide intent to use the mark in commerce. A token use that qualified in the past will *not* be sufficient. A proper use for purposes of registration must be "in the ordinary course of business". With the exception of applications based on foreign registrations, no registration will issue until the mark has been used in commerce. An intent to use application cannot be assigned prior to the filing of a statement of use unless it is to a successor of all or a part of the business filing the intent to use application.

3. The extent of rights an owner acquires in a mark depends upon the nature and extent of use of the mark. In order to acquire rights in a trademark, an owner must affix the mark to the goods or container in which the goods are placed. Where the attachment of a label or tag is not possible, a display bearing the mark may be used if it is in close proximity to the goods. The COMMON LAW rights acquired by the adoption and use of a mark are generally limited to the geographic area in which the mark has been used.

4. A trademark cannot legally exist separately and apart from the GOODWILL that it represents. Hence, a trademark cannot be validly conveyed separately and apart from the goodwill that it represents. Any attempt to make such a conveyance may result in loss of rights.

5. Trademark rights can be licensed. The single most important aspect of any trademark licensing agreement is a provision for QUALITY CONTROL. The QUALITY CONTROL clause permits the trademark owner (licensor) to specify the quality of the goods and inspect them from time to time to ensure that the specifications are being met. Not only should the clause be included in every trademark licensing agreement, but the licensor should perform the inspection. Otherwise, trademark rights

could be lost. (See Appendix C for a draft of a simple, nonexclusive trademark licensing agreement.)

6. Prior to adopting, using, and spending any significant time, money, or energy in connection with a trademark, it is advisable to obtain a trademark clearance opinion from a competent attorney. Normally, such opinions involve a SEARCH to determine if someone has prior rights to the same or a confusingly similar mark used on the same goods, services, or related goods or services. A prudent businessman would be ill advised to adopt and use a new trademark without obtaining a search and opinion regarding the proposed trademark use. In some instances, the magnitude of the investment may compel investigations of the marketplace, computerized searches of state and federal trademark applications, and computerized searches of state and federal registrations.

7. Non-use of a trademark for 3 years creates a presumption of abandonment by the owner. This presumption may be used by a third party in a proceeding to cancel the trademark.

E. Why Is Trademark Registration Important?

1. A mark may be **registered** in any state in which it has been used and may be registered in the United States Patent and Trademark Office ("PTO") if it has been used IN COMMERCE. It is not always necessary to ship goods bearing the mark across state lines or outside of the United States to use it in commerce. For example, the owner of the LONGHORN restaurant located on Interstate 45 between Houston and Dallas can probably use a trademark or service mark at that one location and the use would be "in commerce". An application for trademark registration can also be **filed** in the PTO based on a bona fide intent to use the mark in commerce. A registration based on a bona fide intent to use will not issue until the mark has actually been used in commerce.

2. A proper use for Federal registration purposes requires that the mark be used on goods sold in a bona fide business transaction in the ordinary course of business. A sham sale or an interstate shipment made from one of the applicant's business locations in one state to a second location in another state is not a qualifying use; it will not serve as a prerequisite to federal trademark protection.

3. The date an application is filed is extremely important. For applications filed after November 16, 1989, competitors who begin to use a similar mark after the application is filed may be legally enjoined from continuing to use the mark after the registration is obtained. For registrations obtained before November 6, 1989, a competitor may be permitted to use a similar mark if the mark had been used before the

registration was obtained. Hence, the new registration procedure provides a trademark owner with a way to protect his investment before obtaining a registration.

4. A federal registration gives the owner certain advantages in addition to the nationwide right of priority.

a. A mark's registration certificate is *prima facie* evidence of:

i. the registration's validity;

ii. the registrant's ownership of the mark; and

iii. the registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate.

b. After five (5) years of registration and if certain requisites are met, the registration becomes INCONTESTABLE. Incontestable registrations, with certain exceptions, give the owner the incontestable right to use the mark in commerce. In addition, such registrations are much less vulnerable to attack than those that have not acquired that status.

c. A certificate of registration remains in force for 10 years (20 years for registrations issued before November 16, 1989), provided the owner files the appropriate affidavit in the Patent and Trademark Office between the end of the fifth and sixth years after registration.

d. Registration ownership entitles one to sue for trademark infringement in federal court.

e. If a registration is recorded with the Customs Service of the Department of the Treasury, products bearing infringing marks may be barred from entry into the United States. However, under some circumstances, Customs may not bar the entry of GREY MARKET goods. GREY MARKET goods are those goods bearing valid trademarks that are imported into the United States and that compete with the domestically manufactured or marketed goods bearing the same, equally valid, trademark.

f. Another benefit of registration is that it serves as notice to others of trademark rights. By statute, registration is constructive notice of the registrant's claim of ownership. Not only will attorneys and those who conduct searches for them learn of the owner's rights, but officials at the PTO may use the

existence of a registration to refuse to register other marks that they consider to be similar.

g. A trademark registration is a valuable property right that can enhance the value of a business should it ever be sold.

F. How Are Trademark Rights Infringed?

1. There are two fundamental reasons for enforcing trademark rights:
 - a. protecting the goodwill that the trademark owner has developed through use of the mark; and
 - b. protecting the public from being deceived into believing that they are buying the trademark owner's goods.
2. The touchstone of a lawsuit for trademark infringement is **LIKELIHOOD OF CONFUSION**. When a court determines whether likelihood of confusion exists, it considers many factors including:
 - a. The similarity (or dissimilarity) of the marks in their entireties, including their appearance, sound, connotation, and commercial impression.
 - b. The similarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
 - c. The similarity of established, likely-to-continue trade channels.
 - d. The conditions under which and buyers to whom sales are made, i.e. whether the transaction involving the mark can be considered as "impulsive" as opposed to the result of careful, sophisticated purchasing.
 - e. The fame of the prior mark (as determined by sales, advertising, length of use).
 - f. The number and nature of similar marks in use on similar goods.
 - g. The nature and extent of any actual confusion.
 - h. The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.

- i. The variety of goods on which a mark is or is not used (house mark, "family" mark, product mark).
- j. The market interface between the applicant and the owner of a prior mark:
 - i. a mere "consent" to register or use;
 - ii. agreement provisions designed to preclude confusion, i.e. limitations on continued use of the marks by each party;
 - iii. assignment of mark, application, registration, and goodwill of the related business; or
 - iv. laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.
- k. The extent to which applicant has a right to exclude others from the use of his mark on his goods.
- l. The extent of potential confusion, i.e., whether minimal or substantial.
- m. Any other established fact substantiating the effect of use.

3. If the trademark owner is successful in establishing infringement, he may be entitled to an injunction, lost profits, and any damages he may have suffered. In certain instances, the court may award reasonable attorneys' fees. No profits or damages can be recovered unless the infringer had actual notice of the registration or a proper notice of registration was displayed with the mark. Proper notice requires that the mark be displayed with the words "Registered in U.S. Patent and Trademark Office" or "Reg. U.S. Pat. & Tm. Off." or "®". In some circumstances, the court may award increased damages in an amount not exceeding three times the actual damages.

G. Is It Necessary to Police a Trademark?

1. Since trademark rights can be lost through inappropriate usage, it is important that a trademark owner be ever vigilant to ensure that its trademark rights are being appropriately recognized. For example, Xerox Corporation embarked on an educational program to inform the public of the proper use of its trademark XEROX. It is an improper trademark use to request a xerox of something. More properly, the request should be for a XEROX photocopy.

2. Trademarks should be used properly or valuable rights may be lost. Trademarks should be used in an adjectival form. Hence, the following are appropriate usages:

- a. WHOPPER® sandwich
- b. SANKA® brand decaffeinated coffee
- c. XEROX® photocopy

3. Where possible, the public should be apprised of a trademark owner's claim of rights. Bold and distinctive lettering should be employed to distinguish a trademark from the noun that it modifies. "T.M." is used for a claim of trademark rights or "S.M." in the case of a service mark. *NEVER* use an "®" unless the mark is registered in the United States Patent and Trademark Office. If the mark is registered, it is also appropriate to use either "Registered in U.S. Patent and Trademark Office" or "Reg. U.S. Pat. & Tm. Off.".

4. Unless owners police their trademarks, trademark rights can be lost. DuPont recognized the value of its "cellophane" mark, but a court invalidated its trademark rights and stated that in spite of the program DuPont had undertaken to change the public's use of its trademark, "cellophane" had come to be the common descriptive term for the product on which it was used. Dr. Bayer, the creator of acetylsalicylic acid, adopted and used the name ASPIRIN to promote the product. Unfortunately for Dr. Bayer and the company that bears his name, the mark was judged to be the common descriptive term for the product in the United States. The term appears to have trademark significance outside of the U.S.

5. The first place to start an appropriate trademark use program is within the company. Correspondence, advertising, and any other means of communicating anything associated with a trademark should display the mark properly and identify the trademark rights. Many companies whose marks are important to them prepare trademark handbooks for distribution to everyone from the secretaries to the chairman of the board. The manuals educate employees on the proper use of the trademarks. They normally explain the value of the trademarks and encourage employees to assist in locating any infringements or inappropriate uses of the marks.

6. The policing of your trademark rights should extend to all licensees and franchisees. Do *not* rely on provisions in license agreements. You should have a procedure by which quality control can be verified.

7. In many instances, publishers and journalists are guilty of misusing trademarks. It is imperative that the trademark owner correct those misuses as promptly as possible.

If you own a famous trademark, you may wish to consider having it listed in "Famous Advertised Trademarks", which regularly appears in a publication entitled *Publishers' Auxiliary*. That publication is used by many editors and newspaper journalists. Another source of information to the press is the USTA (United States Trademark Association), which publishes "Trademark Stylesheets" listing well-known marks and generic terms.

8. Probably the best way to reduce the likelihood that a mark will become generic is to start with a strong mark. Adoption and use of an arbitrary and distinctive mark places the trademark owner in the strongest position to protect whatever rights are eventually acquired. Where the product on which the mark is to be used is new, it is equally important to give the product a common descriptive name. Dupont's adoption of LYCRA® spandex is an excellent example of what should be done when introducing a new product. Another example is IBM's introduction of the personal computer as an IBM® PC.

III. COPYRIGHT LAW

A. What Does A Copyright Protect?

1. The Copyright Statute expressly states that the protection afforded by a copyright does not extend to any idea, procedure, process, system, method or operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

2. The creator of a supermarket sweepstakes program may not protect the underlying idea of the sweepstakes program from duplication by use of copyright law. However, to the extent that the program is embodied in some tangible form, it may be subject to copyright protection. For example, assuming that the appropriate legal requirements were met, one could not photoduplicate the sweepstakes entry forms with rules on them and distribute them for a sweepstake at another supermarket.

B. Must A Work Be Novel To Be Copyrightable?

1. The Copyright Act of 1976, which became effective January 1, 1978, provides that "original works of authorship" are entitled to copyright protection.

2. In order for a work to be subject to copyright protection, it must be ORIGINAL. That standard is one which traces its roots to the U.S. Constitution where it is provided in Article I, Section 8, Clause 8 that: "Congress shall have the Power . . . To promote the Progress of Science and Useful arts, by securing for limited Times to AUTHORS and Inventors the exclusive right to their respective WRITINGS and Discoveries".

3. The originality standard is not synonymous with novelty. When the framers of the Constitution granted certain exclusive rights to authors, they were expressing that those rights be granted to those who create or originate works. Originality only means that the work originated with the author, that is, was independently created and not copied.

4. It is theoretically possible for two authors to independently create the identical work. Indeed, Justice Learned Hand recognized that very principle: ". . . If by some magic a man who had never known it were to compose new Keats' Ode On a Grecian Urn, he would be an 'author' and, if he copyrighted it, others might not copy that poem, although they might of course copy Keats."

5. Query: If an artist slavishly copies a Goya original such that not even experts can distinguish it from the original, is he entitled to copyright protection? The law tells us "NO" since the artist has not created anything which "owes its origin" to him.

6. How much originality is required? No definitive answer can be given since it is all a matter of degree. Virtually any independent effort that is distinguishable from a prior work should be sufficient to afford copyright protection if the efforts are more than merely trivial.

C. What Is Eligible for Copyright Protection?

Under the existing copyright law, a work is **CREATED** and therefore subject to copyright protection when it is **FIXED** in a copy or phonorecord for the *first* time. A work is **FIXED** in a tangible medium of expression when its embodiment in a copy or phonorecord is such that it may be perceived, reproduced, or otherwise communicated for more than a transitory period of time.

D. What Types Of Works Qualify As Copyrightable?

1. According to the Copyright Statute, works of authorship include the following broad categories:

- a. literary works;
- b. musical works, including any accompanying words;
- c. dramatic works, including any accompanying music;
- d. pantomimes and choreographic works;
- e. pictorial, graphic, and sculptural works;
- f. motion pictures and other audiovisual works;
- g. sound recordings; and
- h. architectural works.

2. **LITERARY WORKS** "are works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords,

film, tapes, discs, or cards in which they are embodied". LITERARY WORKS include things such as catalogues, directories, and computer databases and programs.

3. MOTION PICTURES "are audiovisual works consisting of a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any". Note that there is a distinction between a MOTION PICTURE and an audiovisual work. A motion picture is a type of audiovisual work that "imparts an impression of motion". For years, the sound track of a motion picture had a nebulous status in the law; however, now it is fully protected.

4. PHONORECORDS "are material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated either directly or with the aid of a machine or device". Sound recordings that were fixed prior to February 15, 1972 are not subject to federal copyright protection. Prior to that time, some states had enacted legislation that made it a crime to make unauthorized copies of sound recordings.

5. PICTORIAL, GRAPHIC, AND SCULPTURAL WORKS "include two-dimensional and three-dimensional works of fine, graphic and applied art, photographs, prints and art reproductions, maps, globes, charts, technical drawings including architectural drawings, diagrams, and models". The artistic aspect of the art forms is included within the copyright umbrella, but the mechanical or utilitarian aspects are not. The design of a useful article is included within the umbrella of copyright protection only to the extent that the design "incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article".

6. COMPUTER PROGRAMS are covered by the Copyright Act of 1976 and any doubt about the copyrightability of such programs was dispelled by the amendment of the Copyright Act in December, 1980 to add the definition for computer programs. Under the current law, the owner of a copy of a computer program may legally make or have made a copy of the program if it is essential to the use of the program or if the copy is for "archival purposes only".

E. What Subject Matter Is Not Copyrightable?

Ideas, titles of works, slogans, trademarks, words, and phrases are not copyrightable.

F. Why Was U.S. Copyright Law Different From Foreign Copyright Law?

1. Significant changes to the United States copyright law were brought about by the Berne Convention Implementation Act of 1988 ("1988 Berne Act"). The new law became effective March 1, 1989. The Berne Convention, formally known as The Convention for the Protection of Literary and Artistic Works, was originally signed in Berne, Switzerland, on September 8, 1886.
2. Virtually all industrialized nations except China and the U.S.S.R. have ratified some form of the convention and enacted implementing legislation that meets the minimum requirements of the convention. The United States ratified the convention on October 31, 1988 and then enacted implementing legislation. That legislation minimizes certain formalities and expands the scope of protection.
3. Adherence to the convention requires key member states to meet the following conditions:
 - a. Authors of a work subject to protection under the convention are entitled to the same rights granted to nationals of other member countries as well as any rights specially granted by the convention;
 - b. No formalities shall be required in order to permit any author of a work protectable under the convention to enjoy and exercise his or her rights.
4. U.S. adherence to the Berne Convention did *not* cause the treaty to become U.S. law. The provisions of the treaty are only given effect by the applicable U.S. laws.
5. There are several important consequences of U.S. adherence to the Berne Convention:
 - a. The "back door" method by which U.S. copyright owners obtained eligibility for foreign copyright protection will no longer be required for works published after March 1, 1989. The "back door" method entailed simultaneous publication of a work in the U.S. and a Berne member country. Not only will the cost of protecting works be substantially reduced, but rights in foreign countries should be easier to enforce.
 - b. The first publication of a work in the U.S. will automatically entitle it to protection in other Berne countries. Irrespective of whether a work has been published, if a U.S. national is an author, the work will be protected in many Berne member countries. **IMPORTANT: SOUND RECORDINGS** may not be given protection in some countries under the Berne Convention unless they are protected under some other treaty.

G. Is Copyright Notice A Requirement?

1. Under the existing copyright law, a copyright subsists simultaneously with creation and fixing of the work. (Under the Copyright Act of 1909, the significance of publication was critical in that it marked the line between protectability under common law and state statute on the one hand and federal protection on the other.)
2. Under the 1909 Act, when a work was PUBLISHED, a notice of copyright was required to be placed on all distributed copies and all distributed phonorecords of sound recordings. The copyright notice requirements of the statute are now *permissive* for all copies of a work distributed after March 1, 1989. Regardless of country of origin, a copyright notice will *not* be required in order to preserve rights. (*IMPORTANT*: In most instances, it will be advisable to continue using notices on any publicly distributed works or copies of works.) For copies, the notice consists of three elements:
 - a. the symbol © or the word "Copyright" or the abbreviation "Copr."; and
 - b. the year of first publication (the date may be omitted where a pictorial, graphic or sculptural work is reproduced on certain useful articles including greeting cards, postcards, stationery, jewelry, dolls, toys, etc.); and
 - c. the name of the copyright owner.
3. For phonorecords the notice consists of:
 - a. a symbol like "©" except a "p" is placed within the circle; and
 - b. the year of first publication of the sound recording; and
 - c. the name of the copyright owner.
4. Under the original 1976 Copyright Act, the notice on a copy and the notice on a phonorecord had to be placed in such a fashion as to "give reasonable notice of the claim of copyright".
5. With notices for both copies and phonorecords, the law is relatively liberal in allowing the use of an abbreviation or some other designation for the owner.
6. Foreign works falling within the Berne Convention that are protected in

their country of origin, but whose United States protection has lapsed, will have their copyright protection restored on January 1, 1996. Persons already making use of such works before December 8, 1994, may continue the use until a notice of intent to restore the copyright to sent to the user or filed by the copyright owner. A 12 month grace period for certain uses will apply form the notice date.

7. Since the Universal Copyright Convention (UCC) always requires the use of a © and the date of first publication, it is advisable to always use that form.

8. The 1976 Copyright Act was much more liberal with respect to the notice provisions than the copyright statute of 1909. Under limited circumstances, the 1976 Act provided for remedial action permitting retention of rights in the event that a work had been published without the appropriate notice.

H. How Is A Copyright Registered?

1. Registration with the Library of Congress is not required in order to obtain copyright protection.

2. Registration used to be mandatory prior to bringing a copyright infringement suit. As of March 1, 1989, registration is no longer a prerequisite to the filing of an action for copyright infringement except for those works whose country of origin is the United States. (Note that statutory damages are unavailable if the work is *not* registered within three months after date of publication or prior to first date of infringement. More importantly and of invaluable assistance to the litigating lawyer, certificates of registration that are sought within five (5) years of the first publication will continue to constitute *prima facie* evidence of copyright validity and the truth of the statements made in the certificate. These two benefits of registration should prompt copyright owners to seek early registration in virtually all cases.)

I. How Is Ownership Acquired And Transferred?

1. The ownership of works created prior to January 1, 1978 is subject to the provisions of the Copyright Act of 1909. The author or authors of a work created on or after January 1, 1978 are the owners of the statutory copyright in the work. A WORK MADE FOR HIRE is accorded special treatment under the present statute since the employer or other person for whom the work was prepared is considered the author for purposes of the copyright statute. Unless the parties have all signed a written agreement expressly providing for other ownership, the employer or other person for whom the work was prepared owns all of the rights.

2. A WORK MADE FOR HIRE is "a work prepared by an employee within the scope of his or her employment; or a work specially ordered or commissioned for use as a contribution to a collective work, as part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, IF THE PARTIES EXPRESSLY AGREE IN A WRITTEN INSTRUMENT SIGNED BY THEM THAT THE WORK SHALL BE CONSIDERED A WORK MADE FOR HIRE".

3. In order to avoid any question of ownership, it is advisable that any specially commissioned work falling within the scope of the definition of a work made for hire be made the subject of a written instrument, signed by the parties, that expressly recognizes the work as a work made for hire. For those special works that do not fall within the scope of the definition of a work made for hire, the agreement should indicate that the artist or creator of the work agrees to assign all rights specified in the statute. Appendix D is a sample copyright ownership agreement. It concerns a non-employee writer who prepares a newsletter at the behest of a company desiring to own the underlying copyright in the newsletter.

4. A copyright in each separate contribution to a collective work is distinct from a copyright in the work as a whole and invests in each author of each contribution exclusive rights to that contribution. In the absence of an express agreement transferring copyright or any other rights, the owner of a copyright in the collective work is presumed to only have the privilege of reproducing and distributing his or her contribution as part of the collective work, any revision of that collective work, and any later collective work in the same series.

5. There is a distinction between ownership of the copyright and ownership of the material object in which the work is embodied. Transfer of ownership of the object does not in and of itself convey any of the exclusive rights in the copyrighted work. Also, in the absence of an agreement, the transfer of ownership of any of the exclusive rights under a copyright does not convey property rights in any material object.

6. In general, a copyright in a work created on or after January 1, 1978 endures from the time it was created for a term that expires 50 years after the author's death. There are exceptions to this general rule.

7. Where a work has been prepared by two or more authors who did not work for hire, the copyright endures for a term that expires 50 years after the death of the last surviving author.

8. A copyright endures for a term of 75 years from the date of first publication, or for a term of 100 years from the year of the work's creation, whichever expires first, for

anonymous works, pseudonymous works, or works made for hire. There are certain provisions that alter these durations if the identity of the authors is revealed.

9. After 75 years from the date of first publication (or 100 years after the work's creation), if the records of the Copyright Office do not indicate that the author is living or that he has died less than 50 years before, the author will be presumed to have been dead for more than 50 years. A good faith reliance on that presumption is a complete defense to an action for copyright infringement.

10. In order to be valid, a transfer of copyright ownership must be in writing and signed by the owner or the owner's duly authorized agent.

11. Although a certificate of acknowledgment is not required for a valid transfer, it is *prima facie* evidence of the execution of the transfer if:

a. the transfer occurs in the U.S. and the certificate is signed by a person authorized to administer oaths; or

b. the transfer occurs in a foreign country and the certificate is issued by a diplomatic or consular officer of the U.S. or by a person authorized to administer oaths whose authority is proved by a certificate of such officer.

12. As of March 1, 1989, one does not have to record a document evidencing a transfer of ownership as a prerequisite to a suit for copyright infringement.

13. In the case of any work other than a WORK FOR HIRE, any rights granted, transferred, or executed by the author on or after January 1, 1978, other than by will, are subject to termination. Rights may be terminated between the 35th and 40th year from the date of execution of the grant. Rights may also be terminated where there is a publication between the 35th and 40th year following the first date of publication. The grant may be terminated even though an agreement exists to the contrary, including an agreement to make a will or to make a future grant.

J. What Are The Exclusive Rights In Copyrighted Works?

1. Subject to certain statutory limitations, the owner of a copyright "has the exclusive right to do and to authorize any of the following:

a. to **reproduce** the copyrighted work in copies or phonorecords;

b. to **prepare derivative works** based upon the copyrighted work;

c. to **distribute copies** or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

d. in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to **perform the copyrighted work publicly**; and

e. in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to **display the copyrighted work publicly**".

2. One limitation on the exclusive rights of a copyright owner is FAIR USE. That use includes the reproduction of copies or phonorecords for "purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research". A fair use is not an infringement of copyright. In determining whether a use is a fair use, consideration is given to the following factors:

a. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

b. the nature of the copyrighted work;

c. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

d. the effect of the use upon the potential market for or value of the copyrighted work.

3. In order to appreciate what is intended by the words of the statute, the following definitions from the statute should be considered:

"Copies" are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term "copies" includes the material object, other than a phonorecord, in which the work is first fixed.

A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment,

condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work".

To "display" a work means to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process. In the case of a motion picture or other audiovisual work, to "display" a work means to show individual images nonsequentially.

To "perform" a work means to recite, render, play, dance, or act it, either directly or by means of any device or process. In the case of a motion picture or other audiovisual work, to "perform" a work means to show its images in any sequence or to make the sounds accompanying it audible.

"Publication" is the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication. A public performance or display of a work does not of itself constitute publication.

To perform or display a work "publicly" means--

- (1) to perform or display it in a place open to the public or any place where a substantial number of persons outside the normal circle of a family and its social acquaintances is gathered; and
- (2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public. The work may be transmitted or communicated by any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

**K. How Is A Copyright Infringed
And What Remedies Are Available?**

1. Demonstrating that copyright infringement has occurred calls for the copyright owner to prove that:
 - a. he or she owns the copyright; and

- b. that unauthorized copying has occurred.

In a case involving federal copyright, the plaintiff must prove originality, copyrightability, registration, authorship, and ownership. However, since copyright registration constitutes *prima facie* evidence of those facts, the burden, in reality, is on the defendant to invalidate the copyright.

2. Where the copying is verbatim, infringement is established unless the defendant proves that his use of the copyrighted work was a FAIR USE.

3. The law protects identical copying and copying that results in a work that is substantially similar to the copyrighted work. To establish infringement, the plaintiff must prove that the defendant had access to the copyrighted material and that the resulting copies were substantially similar to the copyrighted material.

4. Astute copyright owners of rights in maps, telephone directories, and other types of compilations have inserted bogus entries, or streets in the case of maps, into these. These bogus entries, if present in the illegal copies, assist in proving both access and copying.

5. Infringement actions are brought in federal district court. However, there are other ways to protect one's copyright. As with trademarks, a copyright registration can be recorded with the Customs Service. Any unauthorized copies of works sought to be imported into the United States can be barred from entry.

6. A copyright infringer is liable for either:

- a. the owner's actual damages and any additional profits made by the infringer; or

- b. statutory damages in an amount ranging from \$500 to \$20,000 and, where the infringement was willful, up to \$100,000. (Damages may be reduced or may not be awarded where the infringement was innocent or the infringer believed the copying constituted a fair use.)

7. An infringer's copies and all things used to make the copies are subject to impoundment and possible destruction. The infringer is also subject to criminal penalties.

8. Successful copyright owners may obtain injunctions prohibiting further infringement of their rights. Owners may also be awarded costs and attorneys' fees.

APPENDIX A

DRAFT

SAMPLE PATENT LICENSE AGREEMENT

1. PARTIES

1:1 _____, ("Licensor"), is a _____ corporation, having a principal place of business at _____.

1:2 _____, ("Licensee"), is a _____ corporation, having a principal place of business at _____.

2. BACKGROUND

2:1 Licensor for many years has been and continues to be involved in the development of certain additives used in the processing of gasoline. In particular, Licensor has developed a number of proprietary products that are the subject of certain patent properties owned by Licensor.

2:2 Licensee desires to obtain rights to manufacture and sell products that embody Licensor's patented properties.

3. PATENT PROPERTY

3:1 Schedule A lists Licensor's existing patents and patent applications concerning gasoline additives. Licensor shall inform Licensee of the filing of any additional patent applications relating to gasoline additives and such applications shall be deemed added to Schedule A. If Licensor files any

additional patent applications relating to gasoline additives, Licensor shall inform Licensee of the filing. By virtue of this notification, the new application shall be deemed added to Schedule A. From time to time, Licensor may provide Licensee with revisions to Schedule A reflecting the addition of new patent applications and deletions resulting from the expiration or loss of patent rights.

3:2 All patents and patent applications incorporated into Schedule A shall be jointly referred to as "Patent Property".

3:3 The term "Subsisting Patent" as used in this agreement shall refer to any patent or patent application set forth in Schedule A that has not expired, been abandoned, been declared invalid by a court of competent jurisdiction in a proceeding from which no appeal has been taken or allowed, been awarded to another party in the contested proceeding, or otherwise been rendered unenforceable.

4. LICENSE GRANT

4:1 [Specify precisely what rights are granted. For example, "Licensor grants Licensee a nontransferable, nonexclusive license to manufacture, use, and sell compositions falling within the scope of any Subsisting Patent."]

4:2 [Specify the extent to which the Licensor is obligated to add to licensed properties any rights acquired under patents or patent applications owned by a third party, who is not an employee of Licensor. For example, indicate that any license respecting any such patent or patent application shall be treated independently and made the subject of a separate license agreement to the extent that the matter can be mutually agreed upon.]

5. PATENT PROCUREMENT

5:1 Licensor has the sole discretion to decide what patent applications concerning gasoline additive technology shall be filed and, if filed, whether they shall be prosecuted to issuance. Further, Licensor has the sole discretion to determine whether to pay any maintenance fee on any issued patent. [Licensee may want to negotiate these points.]

5:2 [Consider the extent to which the Licensee may want to be involved in the decision making process. To what extent should the Licensee be required to reimburse the Licensor for actual expenses (including legal expenses, governmental fees, and maintenance taxes) incurred by the Licensor in filing, prosecuting, and maintaining patents and patent applications? To what extent should the Licensee be obligated to pay for the maintenance of any patents or patent applications set forth in Schedule A?]

5:3 [If the Licensee is obligated to pay for certain expenses, then the agreement should provide for notice to Licensee of the expenses incurred. Provision should be made for reimbursement.]

5:4 [Specify that any payment of expenses by Licensee shall give Licensee no right, title, or license to any property beyond that expressly set forth in the agreement.]

6. CROSS LICENSE

6:1 [Consider whether any type of grant back from the Licensee is desirable. Be careful about the particular type of grant back that is agreed upon. Under certain circumstances, exclusive grant back licenses with a right to sublicense may create antitrust problems.]

6:2 [Generally, if they do not include the right to sublicense and if they fall within the scope of the claims of the property originally licensed, nonexclusive grant backs should not present any antitrust problems. Irrespective of what is ultimately decided, the parties should consult legal counsel on the grant back issue.]

7. TERM OF LICENSE

7:1 [Consider the length of the license that is desirable. Some technologies may merit longer terms than others. One way to structure the agreement is to have it terminate when there are no longer any Subsisting Patents.]

8. CONSIDERATION

8:1 The parties enter into this Agreement in consideration of the mutual covenants it contains, the sufficiency and adequacy of which are acknowledged by the parties.

8:2 [The agreement should specify whether an up-front payment is to be made. It should also specify the royalty base. Should the royalty change depending on how many different patented properties are used? Consider, for example, setting an upper limit of 5% on the royalty rate. The use of each patent or patent application would add 1% to the royalty base. For example, if a product incorporates the use of three Subsisting Patents, then the royalty rate would be three percent (3%) of the gross selling price of the product.]

8:3 [Is a minimum royalty appropriate? Also consider whether the minimum royalty should be adjusted for inflation. For example, the Bureau of Labor Statistics industrial commodities index can

be employed as a barometer of inflation. The agreement should specify that in the event the specified index is no longer in use, the parties will agree upon another recognized authoritative index. In any event, the agreement should indicate that the royalty should never be less than "X" dollars.]

8:4 [Is an agreement unenforceable because it requires the payment of a royalty after a patent has expired? Not always, but the parties should take care to structure the agreement to insure that a successful charge of patent misuse cannot be made.]

8:5 [If the agreement is a hybrid license, that is an agreement licensing more than just patent properties, the agreement should specify which royalties are being paid for patents and which are being paid for trade secret or trademark rights.]

9. ACCOUNTING

9:1 [The agreement should require the Licensee to transmit a statement identifying the products sold and royalties paid. This should be a periodic reporting requirement. For example, the Licensee should be required to pay royalties once every quarter, with the royalty payment and the accounting report being transmitted or sent within fifteen (15) days of the end of each calendar quarter.]

9:2 [The agreement should provide an opportunity for the Licensor to make an audit or inspection of the Licensee's books at reasonable times. The audit should be undertaken at the Licensor's expense except when there is an underpayment in excess of a specified amount of dollars or a percentage of total royalty due. In that case, the Licensee should be required to pay for the cost and expenses incurred in connection with the audit.]

9:3 [The agreement should specify that all royalty payments should be without any deduction for taxes, assessments, or any other governmental charges.]

10. INDEMNIFICATION

10:1 [Consider the desirability of having the Licensee indemnify the Licensor for any claims that may arise from the Licensee's use and sale of anything falling within the scope of a Subsisting Patent. To what extent should indemnification be covered by insurance?]

10:2 [Should the Licensor indemnify the Licensee for any claims of patent infringement arising from use of the licensed technology?]

11. CONSULTATION

11:1 [Consider the need for a provision concerning consultation with the Licensee to train employees, teach the basic technology, troubleshoot, etc. Consider how compensation for consultation should be structured.]

12. WARRANTY

12:1 [Normally, the Licensor will only want to warrant that it holds title and has no obligation inconsistent with the license. In some instances, it may be appropriate to warrant that the Licensor is not aware of any third party patent rights that are infringed by use of any of the technology falling within the scope of any subsisting claim of a licensed patent. Be very careful with the scope of any such

indemnification. Under most circumstances, the Licensor should NOT warrant noninfringement of third party patents.]

13. SECURITY INTEREST AND SOLVENCY

13:1 [The Licensor should protect against insolvency of the Licensee by perfecting a security interest in the executory agreement and/or in any goods made under the agreement. There is some question in the law as to how this can be accomplished. A Licensor should usually perfect a security interest under both the UCC and by an appropriate filing in the United States Patent and Trademark Office. Bear in mind that because of the nature of the language of 35 U.S.C. § 261, a Licensor may not be successful in persuading the Patent Office to accept for filing a security interest document. See Bankruptcy Code, 11 U.S.C. § 365(n)(1), for provisions dealing with the Licensor's insolvency.]

14. BEST EFFORTS

14:1 [What does a requirement to use one's "best efforts" really mean? Consider the desirability of a provision requiring the Licensee to meet certain milestones. For example, if an exclusive license has been granted and the Licensee does not meet "X" standard after "Y" years, then the license will either terminate or automatically become nonexclusive.]

15. DISPUTES

15:1 [Given the cost and the uncertainties of litigation, it may be worthwhile to consider alternative dispute resolution. In 1982, the Patent Statute was amended to provide the parties to an

agreement with the opportunity to resolve dispute through voluntary arbitration. While arbitration is not recommended, the parties may wish to consider an appropriate vehicle for resolving disputes without asking for court intervention. Be aware that some states may have laws governing arbitration. For example, in Texas prior to August, 1987, contracts providing for arbitration had to be agreed upon in the manner specified by law. Vernon's Ann. Tex. Stat. § 224-1.]

16. MARKING

16:1 [Marking is extremely important. It affects a party's ability to collect damages. In the absence of actual notice of infringement, patent owners cannot collect damages for patent infringement prior to the date they sue for infringement unless products falling within the scope of any patent claim have been appropriately marked. For example, a proper notice is "U.S. Patent No. 4,031,784" placed on a label affixed to each container of the patented gasoline additive. (See 35 U.S.C. § 287.) Consider whether the Licensee should mark "manufactured and sold under license from ABC Corporation". While that marking may be desirable from the standpoint of publicizing ABC Corporation's technology, it may be used as a basis to sue ABC for damages resulting from an alleged defective product. If patent owners do not appropriately mark their products but wish to collect damages from the time infringement began, they must give notice of infringement to parties whom they feel are infringing their patents.]

17. THIRD PARTY INFRINGEMENT

17:1 [The Licensee should be obligated to advise the Licensor of any third party infringement. Who has the obligation to sue and when? Should Licensor and Licensee be joined as plaintiffs in the lawsuit? Make sure that there are provisions governing how claims are to be settled and how sums paid either by settlement or as a result of a court judgment are to divided.]

18. DEFAULT AND TERMINATION

18:1 [The agreement should specify circumstances that trigger a default and what notice, if any, should be given to the Licensee. How much time should the Licensee have to cure any default?]

18:2 [If the agreement is terminated, what does that mean? Make clear exactly what duties survive termination of the agreement. For example, to say that the agreement is terminated and nothing more frees the Licensee from obligation with respect to confidential information.]

19. CONFIDENTIALITY

19:1 [If Licensor expects to give any confidential information to the Licensee, then there should be a provision governing the handling of confidential information. Consider whether the Licensee should be obligated to keep the nature and status of a pending patent application confidential.]

20. MISCELLANEOUS

20:1 Controlling Law. [Irrespective of the law chosen, the parties should be familiar with the nuances of that law to make certain that their rights are fully protected. It is easy to mindlessly agree that "the law of the State of X shall control the interpretation of any provision of this agreement". Under

certain circumstances, a contract executed in Texas but governed by the laws of another state, subject to litigation in another state, or subject to arbitration in another state, must be executed in the fashion specified by Texas statute. Otherwise, the party against whom the provision is sought to be enforced may void the provision.] V.T.C.A., Bus. & C. § 35.53.

20:2 Assignment. Licensee shall not assign, encumber, sublicense, or otherwise transfer this agreement or any rights granted by it without the written consent of Licensor. Licensor may assign this agreement or any rights he may own without the consent of Licensee.

20:3 Compliance with Controlling Law. Licensee agrees to obtain the consent of any proper governmental authority before undertaking any activity under the terms of this agreement. Licensee further agrees to comply with all local, state, and federal laws that may control any aspect of this agreement or any activity undertaken pursuant to this agreement.

20:4 Integration Clause. This agreement contains the entire agreement between the parties with respect to the subject matter it covers. It supersedes and cancels any prior oral or written indications, undertakings, understandings, agreements, or negotiations concerning the subject matter of this agreement. This agreement may only be altered in writing. The document describing the changes to the agreement must be signed by the party alleged to have agreed to them.

20:5 Severability. If any term of this agreement is held to be illegal, invalid, or unenforceable, the other provisions of this agreement shall be executory as though the unenforceable term had not been contained in the original agreement.

20:6 Construction. The language of this agreement is acknowledged to be the language of both parties. No party shall be deemed to be the sole author of this agreement for purposes of construing any term of this agreement.

20:7 Non-Waiver. The failure of any party to exercise any right or option given to it by this agreement or to insist upon strict adherence to the terms or conditions of this agreement shall not constitute a waiver of any terms or conditions of this agreement with respect to any other or subsequent breach.

20:8 Notice. Any notice, payment, or statement required by this agreement shall be either personally delivered or sent by registered or certified mail, postage prepaid, to the addresses indicated in paragraphs 1:1 and 1:2 above. Notices, etc. are effective as of the date delivered or when placed in the U.S. Mail properly addressed and containing the proper postage. Either party may designate a different address by notice to the other. [Consider whether notice by modern electronic or rapid delivery means is appropriate.]

20:9 Most Favored Licensee. [To what extent should any agreement specify that the royalty rate shall be automatically reduced should a subsequent Licensee obtain a lower royalty rate? Be very careful about the language employed. Use language that will enable settlement for past infringement without affecting the obligations of existing Licensees.]

20:10 Force Majeure. Should the performance of any obligation or undertaking of this agreement be prevented, interrupted, or delayed by an act of God or other occurrence that is beyond a party's control, then that party shall be excused from performing such obligation or undertaking.

This agreement shall be effective as of the latest date on which an authorized representative of either party executes it.

LICENSOR

By: _____ Date: _____

(Type Name of Individual)

(Title)

On this ____ day of _____, 19__, personally appeared before me _____, known to me to be the person who subscribed his name to this document as an authorized representative of (Licensor's Name), and indicated that he executed the documents under his own free will for the purposes and consideration expressed therein.

Notary Public
My Commission Expires: _____

LICENSEE

By: _____ Date: _____

(Type Name of Individual)

(Title)

On this ____ day of _____, 19__, personally appeared before me _____, known to me to be the person who subscribed his name to this document as an authorized representative of (Licensee's Name), and indicated that he executed the documents under his own free will for the purposes and consideration expressed therein.

Notary Public

My Commission Expires: _____

APPENDIX B

CONVENTIONS FOR THE INTERNATIONAL PROTECTION OF INDUSTRIAL PROPERTY RIGHTS

As a general rule, the laws of each country concerning industrial property rights operate within the country itself. Industrial property rights are potentially valid only in the country where those rights have been granted. Industrial property rights for other countries must be separately obtained. There are exceptions to the general rule--such as the Netherlands--where a patent is effective not only in the European territory itself but also in other territories, such as the Netherlands Antilles.

A number of conventions and organizations play a role in the protection and licensing of industrial property rights. This paper will address only some of those, including: the Paris Convention for the Protection of Industrial Property (Paris Convention); certain restricted agreements open to members of the Paris Convention, including an arrangement concerning the international registration of trademarks; European conventions, including the Convention on the Grant of European Patents (European Patent Convention or EPC) and the Convention of the European Patent for the Common Market (Community Patent Convention or CPC); the World Intellectual Property Organization (WIPO), which has a responsibility for regulating international protection of industrial property rights; the United Nations Industrial Development Organization (UNIDO), which promotes industrial development in developing countries; and the United Nations Conference on Trade and Development (UNCTAD), which establishes policies to be adopted by governments in order to accelerate industrialization.

The Paris Convention

The Paris Convention for the Protection of Industrial Property, better known as the Paris Convention, was established on March 20, 1883 in Paris. The convention has been revised a number of times with the latest revision having been made in Stockholm on July 14, 1967. WIPO administers the convention.

The convention was designed to protect the industrial property rights of those operating within its member countries. It sets forth certain provisions that must be followed by each country. Initially entered into in 1883 by eleven countries, the convention had 102 signatories as of January, 1991.

The fundamental principle of the convention is that nationals of each member country are given the same industrial property rights in other member countries as the other convention countries give their

own nationals. The convention concerns virtually all industrial property rights, including patents, trademarks, industrial designs, utility models, trade names, indications of origin, and unfair competition.

One of the most important provisions of the convention concerns priority. The convention provides that one who has applied for a patent or trademark in one contracting country may apply in another contracting country and receive the same filing date as the application filed in the first country. For patents, the foreign counterpart applications must be filed within 12 months of the first filing date in order to receive that date as the effective foreign filing date. For trademarks, the foreign counterpart applications must be filed within 6 months of the first filing date.

Another important provision in the Convention is Article 5(A), which deals with the right of each member country to take measures to prevent "abuses" of the rights conferred by patents. The Paris Convention presently recognizes that those measures may include the forfeiture of the patent or the granting of a compulsory license. The treaty specifically provides that any such license must be nonexclusive and nontransferable.

Failure to work the patent is one of the abuses that triggers the granting of a compulsory license. A grace period of four years from the date of filing or three years from the granting of the application, whichever is longer, is given. Forfeiture of the patent as a result of failure to work it may not occur until two years after a compulsory license has been granted.

Around 1974, the developing countries began demanding revisions to the Paris Convention. Many developing countries were concerned with foreign ownership of patents in their countries and the fact that those patents were not being worked. As a result, they concluded that industrialization was being stifled. Even if patents were licensed, they argued, very restrictive measures were placed in the license agreements.

As a result of these concerns, developing nations have demanded that compulsory licenses be granted as a remedy for failure to work the patent be exclusive. That demand is still being debated in these discussions concerning amendments to the Paris Convention.

The Madrid Arrangement

The Agreement for the International Registration of Trademarks was signed at Madrid on April 14, 1891. Like the Paris Convention, it has been revised numerous times.

The purpose of the Madrid Arrangement is to provide for the registration of trademarks owned by those who are domiciled in, are a national of, or who have a "real and effective industrial or commercial establishment" in a member country. The World Intellectual Property Organization (WIPO)

administers the Arrangement. Registrations that are obtained under the agreement are known as "international" registrations since they may have effect in all member countries of the Madrid Union.

To take advantage of the Madrid Arrangement, the applicant's mark must first be registered in the national office of his home country. With that prerequisite accomplished, the applicant may apply for an international registration through his national office.

Once the international registration is made, it is published by WIPO and communicated to each member country in which the applicant seeks protection. No later than one year after it receives that communication, each country may, if grounds exist under the Paris Convention, refuse protection for the mark in its territory. If a member country makes a refusal of that type, the trademark owner may continue the proceeding in the national office of the refusing state or before courts of the refusing country. If one year passes without refusal of the registration, the application becomes an international registration, which has the effect of a national registration for each country designated.

The duration of an international registration under the Madrid Arrangement is for a period of 20 years. International registrations are renewable for like periods of time. For the initial five years of registration, an international registration's validity depends upon the existence of the original national domestic registration. After that initial five year period, however, the international registration no longer depends upon that registration.

As of April, 1991, the following countries are parties to the agreement: Algeria, Austria, Belgium, Bulgaria, China, Cuba, Czechoslovakia, Egypt, France, Germany, Hungary, Italy, Korea (North), Liechtenstein, Luxembourg, Monaco, Mongolia, Morocco, Netherlands, Poland, Portugal, Romania, San Marino, Spain, Sudan, Switzerland, VietNam and Yugoslavia.

Many countries of the world, including the United States, the United Kingdom, and Japan, have not joined the Arrangement. Insofar as the United States is concerned, the potential harm far outweighs any benefits that might be obtained from joining the Arrangement. Since most of the signatory nations have a trademark registration system that requires only the deposit of a form and a fee, too many conflicts would arise requiring both administrative procedures and judicial actions.

The Patent Cooperation Treaty (PCT)

The PCT was signed in Washington on June 19, 1970. The following countries have ratified the treaty: Australia, Austria, Barbados, Belgium, Benin, Brazil, Bulgaria, Cameroon, Canada*, Central

* CAVEAT: The implementing Canadian legislation may be unconstitutional. Before using the PCT to file in Canada, seek advice from Canadian counsel.

African Republic, Chad, Congo, Cote D'Ivoire, Czechoslovakia, Democratic People's Republic of Korea, Denmark, Finland, France, Gabon, Germany, Greece, Hungary, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Madagascar, Malawi, Mali, Mauritania, Monaco, Netherlands, Norway, Poland, Republic of Korea, Romania, Russian Federation, Senegal, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Togo, the United Kingdom, and the United States of America. The treaty facilitates the international filing of patent applications. Under the treaty, patent protection may be sought in any contracting country by filing a single international application. That single application has the effect of a national application in each of the contracting countries.

The PCT does not provide for the grant of patents. The grant can only be made by the contracting state in which protection is sought.

The importance of the PCT is that it permits a delay of up to 30 months from the priority date before any national or regional applications claiming the priority date must be filed. It therefore affords the applicant more time to understand both the technical and economic value of the invention before he has to pay for translations, national application fees, and local patent attorneys or agents. The delay also affords the applicant the opportunity to obtain a stronger patent, pursue possible licensing agreements, and develop marketing strategies.

There are two chapters to the PCT. Four major countries, Liechtenstein, Switzerland, Greece and Spain are members of Chapter I only. This means that if the PCT is employed to file applications in those countries, the applications must be filed within 20 months of the priority date. Virtually all other industrialized countries are members of Chapter II, and in those countries, applications filed through the PCT may be filed 30 months after the priority date.

If the EPC was designated as a "country" in the International (PCT) application, then the decision to seek protection in Greece, Spain and Switzerland (and Liechtenstein) can be postponed by designating the EPO for the national stage in connection with a Chapter II examination request, and by later "depositing" any resulting EPC patent in Greece, Spain and/or Switzerland.

Under Chapter I of the treaty, there is a provision for an international search. With such a search, the applicant can amend claims before filing national applications in countries that are members of only Chapter I.

Chapter II provides for an international preliminary examination. Applicants must demand an international preliminary examination within 19 months of the priority date. This demand then delays the national phase to the 30th month after the priority date. If an applicant does not demand examination by the 19th month, he can still elect to file nationally under Chapter I before the end of the 20th month.

Budapest Treaty on the International Recognition of the Deposit of Microorganisms (Budapest Treaty)

This treaty, which became effective August 19, 1980, provides for the international deposit of microorganisms. Each contracting country recognizes the deposit of a microorganism with an appropriate international depository.

There are 23 states that have ratified the treaty as of December 31, 1990: Australia, Austria, Belgium, Bulgaria, Czechoslovakia, Denmark, Finland, France, Germany, Hungary, Italy, Japan, South Korea, Liechtenstein, Netherlands, Norway, Philippines, Russian Federation, Spain, Sweden, Switzerland, the United Kingdom, and the United States of America.

The Convention on the Grant of European Patents

This convention, which was signed in Munich on October 5, 1973, provides for the creation of a European Patent Office (EPO). The convention became effective October 7, 1977, and European patent applications have been filed since June 1, 1978. As of August 1, 1992, the convention had been ratified by 17 countries, including all EC member states: Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, The Netherlands, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

The purpose of the convention is to provide a single procedure for obtaining a patent based on uniform patent law. A European patent provides its owner with the same rights that would be conferred by a national patent granted in each member country. The national laws of each member country deal with infringement of a European patent.

The Convention of the European Patent for the Common Market (Community Patent Convention)

The Community Patent Convention (CPC) was originally signed on December 15, 1975 in Luxembourg by the delegates of EC member states, which at that time were 9 in number. The purpose of the convention is to provide a single patent that will have the same effect in all of the member states. The Convention is not yet in force; however, on December 22, 1989 in Munich, the 12 member states of the European communities agreed on a treaty that will enable unitary European patents for the Common Market.

Once the 1989 agreement becomes effective, an applicant will be able to choose between a European or a Community patent for the EC member states. Irrespective of choice, the examination will be handled through the European Patent Office. The difference between the patents is that a European patent is in effect a national patent in each of the individual states for which it is granted and

confers protection only within that state's territory. As distinguished, the Community patent will provide a supranational industrial property right of uniform protection throughout the EC and be transferrable or revocable only unitarily.

The European Patent Office will be the sole authority to administer Community patents. A central European court of appeals--COPAC--will be established to determine validity and infringement of Community patents and to provide for uniform application of the law.

The agreement that was signed by the various government representatives on December 21, 1989 must be ratified by all 12 member states before it becomes effective. Each national parliament must consent to the agreement. Informed sources believe that Denmark and Ireland probably will not consent.

It has been agreed to hold another government conference because the December, 1989 agreement did not become effective by December 15, 1991. At that conference, it is expected that a decision will be made to implement the agreement for fewer than all 12 member states. Hence, it is expected that the Community patent will become available no later than about 1 January 1993. [Editor's Note: Many Common Market decisions are presently on hold pending the outcome of the United States Presidential elections.]

World Intellectual Property Organization (WIPO)

WIPO administers certain industrial property conventions, most notably the Paris Convention. The organization became a special agency of the United Nations in 1974. The objective of WIPO is to maintain worldwide integrity of the intellectual property system.

United Nations Industrial Development Organization (UNIDO)

UNIDO was established in 1967 to promote industrial development in the developing countries. Among other things, it studies solutions to certain technical problems, managerial problems, and training difficulties relating to industrialization and industrial promotion programs.

Frequently UNIDO's work is prompted by specific requests from governments. UNIDO has advised various countries on the establishment of offices for the transfer of technology and on drafting legislation involving technology transfer.

UNIDO is involved in fostering cooperation between technology transferrers and transferees. It encourages the flow of technology.

United Nations Conference on Trade and Development (UNCTAD)

This agency of the United Nations has a membership of 152 states. Its objective is to establish policies to be adopted by governments to accelerate industrialization. Most of UNCTAD's efforts have been directed to the development of a Code of Conduct for technology transfer. To date, UNCTAD has not been successful in that mission.

The first code of conduct was drafted in 1975 by a group of developing countries. The proposal was in the form of a convention or treaty concerning international and national regulations on technology transfer agreements. The code contained provisions that prohibited certain restrictive business practices. It provided special treatment for developing countries and established certain guidelines concerning the applicable law and resolution of disputes.

The developed countries viewed the code as adversely affecting their interests. The developing countries have sought more favorable treatment for domestic as opposed to foreign companies. Multinational corporations see the code as hampering the establishment of foreign subsidiaries.

The developed countries have sought to establish uniform treatment for all countries, but the developing countries have persisted in their efforts to gain favorable treatment. Given the disparity in the positions of the developed and the developing countries, it is not likely that a code of conduct will evolve from the meetings of UNCTAD in the future.

The North American Free Trade Agreement (NAFTA)

NAFTA was signed by the United States, Canada and Mexico on December 17, 1992, and most provisions went into effect on January 1, 1994. The agreement was designed to eliminate trade barriers, foster fair trade, expand investment opportunities, and facilitate further agreements between the signatory countries. It provides enforcement and dispute resolution procedures, and establishes a trilateral trade commission. The agreement provides minimum enforcement standards for protection of intellectual property rights, covering patents, copyrights, trademarks, geographical indications of origin for goods, industrial designs, integrated circuit layout designs, trade secrets, and encrypted satellite signals.

The agreement requires the signatory countries to comply with certain international conventions, including the Paris Convention and the Berne Convention. The signatory countries may not give more favorable treatment to their own citizens, but must treat nationals from all three countries on an equal basis.

World Trade Organization Agreement on Trade-Related
Aspects of Intellectual Property Rights (TRIPs)

The World Trade Organization came into existence on January 1, 1995. At that time 81 countries became members of the WTO: Antigua and Barbuda, Argentina, Australia, Austria, Bahrain, Bangladesh, Barbados, Belgium, Belize, Botswana, Brazil, Brunei Darussalam, Canada, Chile, Colombia, Costa Rica, Cote d'Ivoire, Czech Republic, Denmark, Dominica, European Communities, Finland, France, Gabon, Germany, Ghana, Greece, Guyana, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Italy, Japan, Kenya, Korea, Kuwait, Lesotho, Luxembourg, Macau, Malawi, Malaysia, Malta, Mauritania, Mauritius, Mexico, Morocco, Myanmar, Namibia, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Paraguay, Peru, Philippines, Portugal, Romania, St. Lucia, St. Vincent and the Grenadines, Senegal, Singapore, Slovak Republic, South Africa, Spain, Sri Lanka, Suriname, Swaziland, Sweden, Tanzania, Thailand, Uganda, United Kingdom, United States, Uruguay, Venezuela, Zambia.

Countries in the process of joining the WTO are: Algeria, Angola, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, China, Congo, Cuba, Cyprus, Djibouti, Dominican Republic, Egypt, El Salvador, Fiji, Gambia, Grenada, Guatemala, Guinea, Guinea Bissau, Haiti, Israel, Jamaica, Lichtenstein, Madagascar, Maldives, Mali, Mozambique, Nicaragua, Niger, Papua New Guinea, Poland, Qatar, Rwanda, Sierra Leone, Slovenia, Solomon Islands, St. Kitts and Nevis, Switzerland, Togo, Trinidad and Tobago, Tunisia, Turkey, United Arab Emirates, Zaire, Zimbabwe.

The agreement mandates compliance with the substantive procedures of several existing conventions, adds substantial new protections, and provides enforcement procedures. Beginning January 1, 1995, member countries must treat nationals from all member countries on an equal basis, and may not favor their own nationals or any other member country's nationals in the granting and protection of intellectual property rights. The other provisions of the agreement are subject to a transition period, of 1 year for developed countries, 5 years for developing countries, and 11 years for the least developed countries.

The Patent provisions require each WTO member country to comply with the substantive requirements of the Paris Convention. The agreement also requires a minimum patent term of 20 years from the filing of the application, and extends the scope of patent infringement to include the unauthorized offer for sale or importation of a patented product.

The Copyright provisions require each WTO member country to comply with a majority of the requirements of the Berne Convention (articles 1-21 and the appendix, but excluding the "moral rights" provision of article 6). The agreement mandates the availability of copyright protection for computer

programs, and data compilations or materials whose originality stems from their selection or arrangement. The minimum term of copyrighted works is the author's life plus 50 years, or 50 years whenever the term is not related to the life of a person.

The agreement also requires member countries to provide protection for trademarks, geographical indications of origin for goods, industrial designs, integrated circuit layout designs, and trade secrets.

PATENTS IN WESTERN EUROPE

As a result of the European Patent Convention, there have been many changes in the national patent systems of Western European countries. National patent application filings have diminished in favor of the regional European patent application system. National patent laws have also been harmonized in some respects to conform to the practice and procedure under the European system.

What follows is a summary of important information concerning patents in each country of Western Europe.

ANDORRA

Andorra has no specific laws concerning patents or trademarks.

AUSTRIA

PATENTS¹

CONVENTIONS: Paris Convention, European Patent Convention, Patent Cooperation Treaty, Budapest Treaty, TRIPS

REQUIREMENTS: Absolute novelty², not obvious, and susceptible of industrial use

EXCLUSIONS: Methods for surgical or therapeutic treatment of the human body, methods of diagnosis practiced on the human body

EXAMINATION: Formal examination proceeding

PUBLICATION: After acceptance, notice is published and the application is laid open for public inspection

OPPOSITION: Procedure available if filed within 4 months of notice

DURATION OF RIGHTS: 18 years from publication but no more than 20 years from filing date (20 year maximum does not apply to patents filed before December 1, 1984); 20 years from filing date when TRIPS becomes effective in Austria

ANNUITIES: Payable within 3 months of due date but no later than 6 months after due date

MARKING: Not compulsory

WORKING: Proof not required

INFRINGEMENT ACTIONS: Normally filed in commercial court in Vienna where temporary injunctions, destruction of infringing products, and compensation are available; intentional infringement can be prosecuted before criminal courts, where fines, imprisonment and confiscation of infringing articles may be imposed

¹ Patents of Addition and Design Patents available

² Limited exceptions

BELGIUM

PATENTS³

CONVENTIONS: Paris Convention, EPC, PCT, Budapest Treaty, International Convention for the Protection of New Varieties of Plants (UPOV), TRIPs

REQUIREMENTS: Absolute novelty,⁴ inventive step, capable of industrial application

EXCLUSIONS: Methods for surgical or therapeutic treatment of humans or animals; methods of diagnosis practice on humans or animals

EXAMINATION: No formal examination

PUBLICATION: Normally open for public inspection on the date of grant but can be made available earlier at the applicant's request

OPPOSITION: Not available

DURATION OF RIGHTS: 20 years from the filing date or 6 years from the filing date if a search report was not requested within the appropriate time period

ANNUITIES: These are payable without fine within one month of due date and with fine within five months; restoration of rights for non-payment is possible after the 6th month until the 8th month from the deadline date

MARKING: Not compulsory

WORKING: A nonexclusive license may be sought if the invention has not been exploited within 4 years from filing or 3 years from the date of grant, whichever is later

³ The new Belgium Patents Act of March 28, 1984 became effective January 1, 1987. It changed the law substantially. Patents of Addition are no longer available.

⁴ Prior art includes Belgium patent applications and European and PCT patent applications designating Belgium, all of which have an earlier filing or priority date and are published on or after the date of application.

INFRINGEMENT ACTIONS: Infringement proceedings must be filed within 5 years from the commencement of infringement; the court may enter an injunction and require compensation for the damage; where infringement was in bad faith, the court may order confiscation of the articles manufactured and the devices employed for the purpose of manufacturing them

CYPRUS

PATENTS

CONVENTIONS: Paris Convention

There is no provision in the law for the original registration of a patent in Cyprus. However, the owner of a U.K. patent may apply to have the patent registered in Cyprus within 3 years from the date of obtaining the patent in the U.K. The Certificate of the Grant of Letters Patent has a duration equal to the term remaining on the counterpart British patent.

DENMARK

PATENTS

CONVENTIONS: Paris Convention, PCT, EPC, Budapest Treaty, UPOV, TRIPs

REQUIREMENTS: Absolute novelty⁵, inventive step, industrial usefulness (utility), [not obvious, and technical advance]

EXCLUSIONS: Plant and animal varieties and essentially biological processes for the production of plants and animals (microbiological products and processes are patentable); on applications filed after December 1, 1983 pharmaceutical products are patentable

EXAMINATION: Formal examination procedure

PUBLICATION: Files publicly accessible 18 months after priority date; notice of acceptance published after payment of fee

OPPOSITION: May be filed within 3 months of publication of notice

DURATION OF RIGHTS: 20 years beginning from the date of filing

ANNUITIES: May be paid 3 months in advance; there is a grace period of 6 months with a fine of 20% of the amount due

MARKING: Not compulsory

WORKING: A compulsory license may be obtained if the invention has not been worked within 3 years from the grant or 4 years from the date of filing

INFRINGEMENT ACTIONS: Injunctive relief and damages may be obtained, and in the case of a bad faith infringement, a fine is also available; in cases of egregious conduct, imprisonment is a possible penalty

⁵ Limited exceptions

FINLAND

PATENTS

CONVENTIONS: Paris Convention, PCT, Budapest Treaty, TRIPs

REQUIREMENTS: Absolute novelty⁶ (prior art also includes any Finnish patent application or PCT application designating Finland already on file even though these applications may not be available to the public on the filing date); applicable in industry, and inventive step

EXCLUSIONS: For some transitional period of time, pharmaceuticals and foodstuffs are not patentable; surgical, therapeutic or diagnostic methods for treatment of humans or animals

EXAMINATION: Formal examination

PUBLICATION: Laid open to public inspection 18 months from the filing or priority date

OPPOSITION: May be filed by anyone within 3 months from date of notice of application being laid open to the public (this notice date is different from the provisional publication date)

DURATION OF RIGHTS: 20 years from the date of filing of the patent application

ANNUITIES: After September 1, 1985, annuities are due for both patents and patent applications; they may be paid within 6 months of the due date with a 20% fine

MARKING: Not compulsory

WORKING: Anyone desiring to work the invention in Finland may obtain a compulsory license if there is no sufficient excuse for not working the invention 3 years after the grant of the patent or 4 years after patent application filing

INFRINGEMENT ACTIONS: Interlocutory and permanent injunction as well as compensatory damages available; deliberate or negligent infringers may be required to pay full damages while an innocent infringer may only be required to pay reasonable compensation.

⁶ Limited exceptions

FRANCE

PATENTS⁷

CONVENTIONS: Paris Convention, PCT, EPC, Budapest Treaty, UPOV, TRIPs

REQUIREMENTS: Absolute novelty⁸ (prior art includes prior French patent applications, European or international patent applications designating France even though these may not have been published on the filing or priority date); not obvious (prior art for determining obviousness does not include unpublished patent applications)

EXCLUSIONS: Surgical or therapeutic treatment of humans or animals, or diagnostic methods for humans or animals

EXAMINATION: A documentary notice procedure can be requested that involves a citation of art to be considered for novelty, obviousness, or background prior art; the patent is almost always granted unless lack of novelty is apparent; if no D.N. is requested, the application automatically becomes a Certificate of Utility Application (same rights as a patent except duration is 6 instead of 20 years)

PUBLICATION: Made available to the public 18 months from the filing or priority date unless the applicant requests an earlier publication

OPPOSITION: No opposition procedure; however, "observations" may be filed by any third party and responded to by the applicant

DURATION OF RIGHTS: 20 years from filing date (patents effective in Republic of France, Mayotte, New Caledonia and dependencies, St. Pierre and Miquelon, Wallis and Futuna, French Polynesia, French Austral Islands, and French Antarctic territories)

ANNUITIES: Annuities may not be paid in advance of the year on which they are due; they must be paid within 6 months of due date with a fine for late payment

MARKING: Not compulsory but if marked should use "Brevet No. ____"

⁷ Certificates of Utility and Addition available

⁸ Limited exceptions

WORKING: Nonexclusive compulsory licenses are available when the invention has not been worked without any legitimate excuse for 3 years from the date of grant or 4 years from the date of filing

INFRINGEMENT ACTIONS: Preliminary injunctions are available; prior to filing suit, the patent owner may obtain a seizure that permits the taking of evidence by a bailiff (HUISSIER) with the assistance of counsel; a specimen of the alleged infringing articles may also be seized; the patent owner may be entitled to damages equal to what he or his licensee would have obtained if infringement had not occurred; the court may also confiscate infringing products or the articles of production

FEDERAL REPUBLIC OF GERMANY

PATENTS⁹

CONVENTIONS: Paris Convention, EPC, PCT, Budapest Treaty, UPOV, TRIPs

REQUIREMENTS: Absolute novelty¹⁰ (prior art for novelty purposes only includes certain prior filed German, European, or PCT patent applications), inventive step, and industrial application

EXCLUSIONS: Surgical or therapeutical treatment of humans or animals, diagnostic methods employed on humans or animals

EXAMINATION: Formal examination procedure

PUBLICATION: Files are open to public inspection 18 months after filing or the priority date the application documents are printed in a document called "Offenlegungsschrift"

OPPOSITION: May be filed within 3 months of the notice of publication of the patent grant

DURATION OF RIGHTS: 20 years from the filing date

ANNUITIES: Annuities can be paid without fine within 2 months of the due date and can be paid without loss of right, with a fine; within 4 months of the last day of the month in which notification was served

MARKING: While not compulsory, goods are normally marked with "D.B.P." or "Deutsches Bundespatent" for patents, or "D.B.P. angem." or "D.B.P. angemeldet" for patent applications laid open for public inspection

WORKING: Working is not required by the patent law; under certain conditions compulsory licenses are available

INFRINGEMENT ACTIONS: There exist certain district courts having jurisdiction for patent litigation actions; restraining orders, an accounting, and damages are available in such actions

⁹ Patents of Addition available

¹⁰ Limited exceptions

GREECE

PATENTS¹¹

CONVENTIONS: Paris Convention, EPC, PCT (Chapter I), TRIPs

REQUIREMENTS: Absolute novelty¹², inventive step, and susceptible of industrial application

EXCLUSIONS: Pharmaceutical products (will be patentable on and after October 7, 1992); surgical or therapeutic methods of treatment of and diagnostic methods practiced on humans or animals; plant or animal varieties and biological processes for production of plants or animals except microbiological processes and products

EXAMINATION: Only as to form and patentability per se

PUBLICATION: Laid open for public inspection and copies available after grant of the patent

OPPOSITION: Not available

DURATION OF RIGHTS: Patents filed after January 1, 1988 have a duration of 20 years (15 years for earlier filed applications)

ANNUITIES: May be paid within 6 months of due date with a fine; after non-payment, the Patent Office attends to annulment by publication in the Official Bulletin; restoration is not possible after that publication

MARKING: Not compulsory

WORKING: Application for the grant of a compulsory license may be made on the basis of insufficient exploitation of the invention after 4 years from the date of filing or 3 years from the patent grant (importation of the patented product does not constitute justification for non-working)

INFRINGEMENT ACTIONS: Actions may only be brought before courts of competent jurisdiction; remedies include injunctions; for willful infringement, damages or an amount

¹¹ Patents of Addition and Utility Model Certificates (after January 1, 1988) available

¹² Limited exceptions

comparable to a license payment may be awarded; the court may order that the infringing products be destroyed or that they be given to the patent owner as part or all of compensation

ICELAND

PATENTS¹³

CONVENTIONS: Paris Convention, TRIPs

REQUIREMENTS: Invention is considered novel if not described in a prior printed publication and not openly used, or exhibited or displayed in Iceland

EXCLUSIONS: Medicines, food, and beverages (methods of manufacturing all of these are patentable)

EXAMINATION: Only for unity of invention and certain formalities; if a corresponding foreign application has been filed, the Icelandic patent application will not be granted before the corresponding foreign patent is granted; where there is no corresponding foreign patent, a novelty examination will be undertaken in the Danish Patent Office

PUBLICATION: Laid open for opposition (specifications are not printed)

OPPOSITION: Opposition can be made within 12 weeks after application is laid open to public inspection

DURATION OF RIGHTS: 15 years from the date of issue; 20 years from date of application when TRIPs becomes effective in Iceland

ANNUITIES: A grace period of up to 6 months after a due date is allowed with a 20% increase in fee; the patent lapses if payments are not made within the 6 month period

MARKING: Not compulsory.

WORKING: Compulsory license may be granted if the patent has not been worked within 5 years of the issuance date; under certain circumstances, a subsequently issued patent that cannot be practiced without use of the first patent may be worked if the first patent has not been worked within 3 years after the patent was granted

¹³ Patents of Addition available

IRELAND

PATENTS¹⁴

CONVENTIONS: Paris Convention, EPC, PCT, UPOV, TRIPs

REQUIREMENTS: Absolute novelty¹⁵ (includes inventions described in prior Irish patent applications even if not published earlier), not obvious, and utility

EXCLUSIONS: Food and medicines that are mixtures of known ingredients having only the aggregate known properties of the ingredients

EXAMINATION: Examinations limited as to form and novelty

PUBLICATION: Laid open to public inspection 18 months after filing or the priority date

OPPOSITION: Available within 3 months of publication

DURATION OF RIGHTS: 16 years from filing date (extensions available on grounds of inadequate remuneration); 20 years from filing date when TRIPs becomes effective in Ireland

ANNUITIES: May be paid within 6 months of due date with payment of fine

MARKING: Not compulsory but damages for infringement are available only if patented product is marked "Patent" or "Patented" with the year of grant and the patent number

WORKING: Compulsory licenses available if the patent has not been marked within 4 years of filing or 3 years of grant

INFRINGEMENT ACTIONS: Actions must be brought in the High Court where remedies include injunctions, damages, or an accounting for profits

¹⁴ Patents of Addition available

¹⁵ Limited exceptions

ITALY

PATENTS

CONVENTIONS: Paris Convention, Budapest Treaty, EPC, PCT, UPOV, TRIPs

REQUIREMENTS: Absolute novelty¹⁶ (prior art for novelty purposes includes EPC and PCT applications designating Italy, having a prior filing date, and published or publicly available on or after application filing date), susceptible of industrial application, and not obvious

EXCLUSIONS: Surgical or therapeutic methods of treatment of human or animals, and diagnostic methods practiced directly on humans or animals

EXAMINATION: No provision for novelty examination

PUBLICATION: Laid open to public inspection 18 months after filing date or priority date; may be shortened to 90 days after filing date if a request is made at the time of filing

OPPOSITION: Only by action presented to the appropriate court

DURATION OF RIGHTS: 20 years from the date of filing

ANNUITIES: Payable within 6 months of due date with fine

MARKING: Not compulsory but "brevettato" or "brevetto" or "brev." recommended; false marking is subject to criminal penalty

WORKING: Compulsory licenses may be granted if patent not worked within 3 years from date of grant or 4 years from application date

INFRINGEMENT ACTIONS: Both civil and criminal actions are available for infringement; injunctive relief and compensatory damages are available

¹⁶ Limited exceptions

LIECHTENSTEIN

PATENTS

CONVENTIONS: Paris Convention, Budapest Treaty, PCT, EPC, TRIPs

REQUIREMENTS: Since April 1, 1980, Switzerland and Liechtenstein have an agreement whereby the two countries constitute a single territory for patent purposes. The Swiss Patent Office is the official patent authority for Liechtenstein.

LUXEMBOURG

PATENTS¹⁷

CONVENTIONS: Paris Convention, PCT, EPC, TRIPs

REQUIREMENTS: Absolute novelty (prior disclosures anywhere in the world by a written description publicly available or by an enabling public use), capable of industrial application, and involving an inventive step

EXCLUSIONS: Any variety of plant or animal or any essentially biological processes for the production of plants or animals except microbiological processes and products

EXAMINATION: As to form only

PUBLICATION: No publication; upon grant, files are available to public inspection and photocopies may be obtained

OPPOSITION: No procedure available

DURATION OF RIGHTS: 20 years beginning the day after the day of filing

ANNUITIES: Payment may be made up to 6 months late without a fine and thereafter up to another 6 months with a fine

MARKING: Not compulsory but normally "patented" or "brevete"

WORKING: Compulsory licenses may be available if the invention has not been worked within 4 years from the filing date or 3 years from the grant

INFRINGEMENT ACTIONS: Actions may be brought in a civil court, and there is a provision for a penalty of from 100 to 2000 Lux francs; repeated infringement may result in additional monetary fines and imprisonment from 1 to 6 months

¹⁷ Patents of Addition available

MALTA

PATENTS¹⁸

CONVENTIONS: Paris Convention, TRIPs

REQUIREMENTS: Novelty¹⁹ (not novel if sufficient enabling publicity anywhere in the world exists; prior art includes prior applications filed in Malta)

EXAMINATION: As to form only

PUBLICATION: The acceptance of the complete specification is advertised in a notice published 3 times in the official government gazette and another newspaper

OPPOSITION: May be filed within 2 months of the first advertisement of the notice on limited grounds only

DURATION OF RIGHTS: 14 years from filing or priority date (may be extended on ground of inadequate remuneration); 20 years from filing date when TRIPs becomes effective in Malta

ANNUITIES: Failure to pay the prescribed payments may result in the patent becoming void, but under certain circumstances patent rights can be restored

MARKING: Not compulsory; false marking is a criminal offense

WORKING: Compulsory license or assignment are possible if patent not worked within 3 years of grant

INFRINGEMENT ACTIONS: Civil and criminal proceedings are possible for patent infringement

¹⁸ Patents of Addition available

¹⁹ Limited exceptions

MONACO

PATENTS²⁰

CONVENTIONS: Paris Convention, PCT, EPC

REQUIREMENTS: Absolute novelty (prior art includes prior unpublished patent application in Monaco)

EXCLUSIONS: Pharmaceutical products and medicines

EXAMINATION: Limited as to form only

PUBLICATION: The decision granting the patent is published in the Journal de Monaco

OPPOSITION: No proceeding available

DURATION OF RIGHTS: 20 years from date of filing

ANNUITIES: Must be paid on or before the due date but may be paid up to 6 months late with a 20% fine

MARKING: Not required to indicate article patented, but if it is so marked the word "Patented" must be followed by the letters "M.C." with the number of the patent.

WORKING: Compulsory licenses may be granted if the invention is not worked within 3 years of grant or 4 years from filing

²⁰ Certificates of Addition available

THE NETHERLANDS

PATENTS

CONVENTIONS: Paris Convention, PCT, EPC, Budapest Treaty, UPOV, TRIPs

REQUIREMENTS: Absolute novelty²¹ (for novelty only the following are included: (1) disclosure in prior Netherlands patent applications laid open to public inspection and (2) previously filed European or PCT patent applications in which The Netherlands have been designated and that are laid open to public inspection after the filing or priority date), not obvious, susceptible of industrial application

EXCLUSIONS: Plant or animal varieties and essentially biological processes for the production of plants or animals except microbiological processes and products

EXAMINATION: There is a deferred examination, which is carried out subject to a request made within 7 years of the filing date

PUBLICATION: Laid open to public inspection and printed after expiration of 18 months from the filing date or priority date (Provisional Publication--different from grant procedure)

OPPOSITION: May be made within 4 months from the publication made upon acceptance

DURATION OF RIGHTS: 20 years from date of filing (patent effective in The Netherlands, the Continental Shelf bordering the Netherlands and the Netherlands Antilles (including Aruba and Curaçao); patent also effective aboard any Netherlands vessel at sea; note: European patents do not have same scope)

ANNUITIES: Payable up to 6 months late with specified fines for each month late

MARKING: Not compulsory but for patent use "Ned. Octrooi No. ____" and for patent application use "Ned. Octrooi aangevraagd"; false marking is a criminal offense

WORKING: Compulsory licenses may be granted if the invention is not worked in specified territories within 3 years from the date of grant

²¹ Limited exceptions

INFRINGEMENT ACTIONS: Damages are available only for knowing infringement that can be established 30 days after the serving of an official writ of warning on the infringer; demand can be made for damages or profits made by the infringer; preliminary injunctions are available; penalty of imprisonment of up to 3 months or a fine may be assessed for repeated infringement

NORWAY

PATENTS

CONVENTIONS: Paris Convention, PCT, Budapest Treaty, TRIPs

REQUIREMENTS: Absolute novelty²² (includes anything written or oral available to the public such as patent applications filed in Norway and available to the public; PCT applications designating Norway previously filed and subsequently published are considered for novelty only), applicable in industry, and inventive step

EXCLUSIONS: Plant and animal varieties and essentially biological processes for the production of animals and plants except microbiological processes and products that may be patented; medicines and food articles (but methods of making them are not per se unpatentable); surgical, therapeutic, or diagnostic methods for treating humans or animals

EXAMINATION: Novelty, patentability, and as to form (examination based on information and other patent office searches)

PUBLICATION: If not found unpatentable and after fee payment, laid open to public and specification and claims printed

OPPOSITION: Filed within 3 months of publication

DURATION OF RIGHTS: 20 years from the date of filing

ANNUITIES: Payable a maximum of 6 months in advance; there is a grace period of 6 months after the due date with a 20% fine

MARKING: Not compulsory but advisable to mark with "NORSK PATENT NO. ____", or "N.P. No. ____"

WORKING: Compulsory licenses may be granted if invention has not been worked within 3 years from the grant and 4 years from the filing date

INFRINGEMENT ACTIONS: Infringer may be liable for damages and could face a fine, for willful infringement, imprisonment for a period of time of up to 3 months may be imposed; court may order confiscation or destruction of infringing products

²² Limited exceptions

PORTUGAL

PATENTS²³

CONVENTIONS: Paris Convention, EPC, TRIPs

REQUIREMENTS: Novelty (includes prior enabling disclosure of experts; one year grace period for descriptions and publications in any member state of the Paris Convention or by communications to certain organizations), susceptible of industrial application

EXCLUSIONS: Food, chemical, and pharmaceutical products (will become patentable January 1, 1992)

EXAMINATION: As to both form and whether invention satisfies requirements

PUBLICATION: Publication of an abstract is not made before 18 months from the priority date unless specifically requested; may be published earlier if no priority claimed

OPPOSITION: Within 90 days of publication of the abstract

DURATION OF RIGHTS: 15 years from the date of grant; 20 years from filing date when TRIPs becomes effective in Portugal

ANNUITIES: May be paid up to a grace period of 6 months late with a fine of 50%; the patent may be revalidated within 1 year from the date on which the annuity was due

MARKING: Not compulsory but advised to mark with patent number

WORKING: Compulsory licenses may be granted if the invention is not worked within 3 years from the date of grant

INFRINGEMENT ACTIONS: Patent owner may obtain compensation for damages; there is a procedure for seizing infringing goods that are imported; normally the burden of proof is on the patent owner to establish infringement, but that burden is reversed in cases accusing a process of manufacture [of a new product] if the patent application was filed after January 1, 1986 (this reversal will apply to all patents after January 1, 1992)

²³ Patents of Addition available

SAN MARINO

PATENTS

CONVENTIONS: Paris Convention

This small republic has no specific laws dealing with the protection of intellectual property rights, including inventions and trademarks. However, industrial property rights acquired in Italy apply in San Marino.

SPAIN

PATENTS²⁴

CONVENTIONS: Paris Convention, EPC, PCT, Budapest Treaty, UPOV, TRIPs

REQUIREMENTS: Absolute novelty (prior art includes disclosures contained in earlier filed Spanish patent or utility model applications); the invention must be capable of industrial application and must provide an inventive step

EXCLUSIONS: Animal varieties and essentially biological processes for the production of plants or animals (excluding microbiological processes that are patentable); surgical or therapeutic methods of treatment of and diagnostic methods practiced on humans and animals; chemicals; pharmaceuticals; microbiological products not now patentable but patentable on October 7, 1992

EXAMINATION: Not examined for inventive step and novelty; however, claims may be rejected on the basis of clear lack of novelty

PUBLICATION: Laid open to public inspection after 18 months from filing or priority date

OPPOSITION: Procedure available before patent grant

DURATION OF RIGHTS: 20 years from the date of filing (Spanish patents and validated European patents cover Spain, the provinces of the Canary and Balearic Islands, and the municipalities of Ceuta and Melilla)

ANNUITIES: Must be paid at least as late as 6 months but with the payment of a fine; may be able to restore a lapsed patent for failure to pay an annuity if owner can prove force majeure

MARKING: Not compulsory but goods frequently marked with "Patente Española" or "Pat. No. _____"

WORKING: Compulsory licenses may be granted for insufficient working of the patent 4 years from the filing date or 3 years from the publication of notice of the grant

²⁴ Utility models available

INFRINGEMENT ACTIONS: Infringers are subject to both civil and criminal law; compensation for damages, fines, and imprisonment are available; infringing articles or machinery used for their manufacture may be ordered seized or attached

SWEDEN

PATENTS

CONVENTIONS: Paris Convention, PCT, EPC, Budapest Treaty, UPOV, TRIPs

REQUIREMENTS: Absolute novelty²⁵ (prior art includes patent applications filed in Sweden but not yet publicly available if the applications subsequently become public); susceptible of industrial application and substantially different from prior art

EXCLUSIONS: Plant and animal varieties and essentially biological processes for the production of plants or animals (microbiological processes and products are patentable); surgical or therapeutic methods of treatment of and diagnostic methods practiced on humans or animals

EXAMINATION: Formal examination provided

PUBLICATION: Application is made available to the public when application is complete and no obstacles to grant are found

OPPOSITION: May be filed within 3 months from the date application is laid open after acceptance (note this date is different from provisional publication date)

DURATION OF RIGHTS: 20 years from the date of the patent application filing

ANNUITIES: May be paid up to 6 months late with a 20% fine

MARKING: Not compulsory but normally: "Svenskt patent nr. ____" or "Sv. pat. nr. ____"

WORKING: Compulsory license may be granted if the invention has not been worked within 3 years from the date of grant or 4 years from the application date

INFRINGEMENT ACTIONS: Provisional injunctions and damages are available remedies; the court may order the infringing articles modified, placed in custody, or destroyed

²⁵ Limited exceptions

SWITZERLAND

PATENTS

CONVENTIONS: Paris Convention, PCT, EPC, Budapest Treaty, UPOV

REQUIREMENTS: Absolute novelty²⁶, capable of industrial application, and not obvious, inventive step

EXCLUSIONS: Surgical or therapeutic methods of treatment of and any diagnostic methods for humans or animals; plant and animal varieties and essentially biological methods of breeding plants or animals (excludes microbiological processes and products)

EXAMINATION: Formal examination as to novelty and nonobvious only carried out on specific technologies (horology and textile finishing)

PUBLICATION: Published after examination

OPPOSITION: May be filed within 3 months from publication

DURATION OF RIGHTS: 20 years from the date of filing the patent application

ANNUITIES: Payable within 3 months of due date, further, 3 months with additional fee

MARKING: Not compulsory but recommended to include Swiss Cross and patent number

WORKING: Compulsory licenses may be granted if invention not worked within 3 years from the date of grant (working of corresponding U.S. and West German patents is equivalent to working in Switzerland)

INFRINGEMENT ACTIONS: Injunctions and damages are available remedies; the court may order confiscation or destruction of the infringing article or the means used for manufacture

²⁶ Limited exceptions

TURKEY

PATENTS²⁷

CONVENTIONS: Paris Convention

REQUIREMENTS: Absolute novelty, susceptible of industrial application

EXCLUSIONS: Pharmaceuticals and medicines used in the treatment of human beings or animals and methods for making them

EXAMINATION: Turkish Patent Office examines only as to form; searches are made through European Patent Office as to novelty and patentability

PUBLICATION: After issuance, an abridged version of the specification is published

OPPOSITION: No procedure available

DURATION OF RIGHTS: 15 years from the date of application

ANNUITIES: Must be paid on or before the due date, 6 month grace permitted

MARKING: Not compulsory but if marked must contain "San garantie du Gouvernement"

WORKING: Must be worked within 3 years of date of issue

INFRINGEMENT ACTIONS: Fines of from 50 to 1,000 Turkish lira are available against infringers, and the infringer may be imprisoned from 1 to 6 months for repeated infringement; patent owner may request an order for a description of the goods alleged to infringe, with or without seizure; within 8 days of such order an infringement action must be brought

²⁷ Patents of Addition available

UNITED KINGDOM

PATENTS

CONVENTIONS: Paris Convention, PCT, EPC, Budapest Treaty, UPOV, TRIPs

REQUIREMENTS: Absolute novelty²⁸ (prior art includes an application with an earlier priority date for European or PCT patent designating UK but published on or after priority date of application), capable of industrial application (not utility), and including an inventive step

EXCLUSIONS: Therapeutic or surgical methods of treating human or animal bodies or diagnoses practiced on animals or humans (does not apply to products invented for use in any such method); any variety of animal or plant or any essentially biological process for the production of animals or plants (excluding microbiological processes or products made from such processes)

EXAMINATION: Formal examination available

PUBLICATION: Application papers published 18 months after filing or priority date

OPPOSITION: Not available but observations may be filed by a third party

DURATION OF RIGHTS: 20 years from the filing date (covers Great Britain, Northern Ireland, the Isle of Man, and certain waters and areas of the Continental Shelf)

ANNUITIES: Payable no later than 6 months after due date with increasing fines for each month late; restoration possible after one year for limited circumstances

MARKING: Not compulsory but damages may not be available for innocent infringement

WORKING: Compulsory license available if patent not worked within 3 years of grant

INFRINGEMENT ACTIONS: Infringement actions can only be initiated after the patent is granted, but recovery can be obtained for infringement that took place between the date of publication and the date of grant

²⁸ Limited exceptions

STATE OF VATICAN CITY

PATENTS

CONVENTIONS: Paris Convention

Vatican City has no special laws respecting intellectual property, including inventions and trademarks. Italian laws respecting intellectual property are applicable to Vatican subjects.

OTHER INDUSTRIALIZED COUNTRIES

What follows are summaries of pertinent patent information about Canada, Japan and Mexico.

CANADA

PATENTS²⁹

CONVENTIONS: Paris Convention, PCT, UPOV, NAFTA, TRIPs

REQUIREMENTS: Absolute novelty (includes patent applications having earlier filing dates in Canada but excludes the disclosure by the applicant more than one year before the Canadian filing date (convention filing does not stop the one year clock)), inventive step, and utility

EXCLUSIONS: Foods and medicines will not be patentable until after November 19, 1991

EXAMINATION: Deferred examination now available and must be requested within 7 years from date of filing

PUBLICATION: Open to public inspection 18 months after filing or priority date

OPPOSITION: No formal proceeding is available; however, a protest against granting the application may be filed

DURATION OF RIGHTS: 20 years after the date of filing, applications filed before October 1, 1989 -- 17 years from date of grant

ANNUITIES: Maintenance fees must be paid for applications filed or patents granted after October 1, 1989

MARKING: Not compulsory

WORKING: No compulsory licensing

²⁹ A new substantially different patent act adopted in 1987 became effective October 1, 1989. This summary addresses the new substantive provisions.

INFRINGEMENT ACTIONS: Damages are only available for infringement after the date of the patent grant; after application is laid open to public inspection and prior to the grant, only "reasonable compensation" is available as a remedy; injunctive relief is also available as a remedy

JAPAN

PATENTS^{30*}

CONVENTIONS: Paris Convention, PCT, Budapest Treaty, UPOV, TRIPs

REQUIREMENTS: Novelty³¹ (if publicly known or used in Japan or described in publication anywhere; prior art also includes prior filed Japanese or PCT application (designating Japan) that is later published or laid open), inventive step, and capable of application in industry

EXCLUSIONS: Products formed from nuclear conversion

EXAMINATION: Formal examination procedure must be requested within 7 years from application date

PUBLICATION: Provisional publication 18 months after filing or priority date

OPPOSITION: Must be filed within 3 months of the date of publication (after grant not after provisional publication)

DURATION OF RIGHTS: 15 years from publication but no more than 20 years from application date (extension of term available under certain circumstances for drugs and agricultural chemicals); 20 years from application date after January 1, 1996.

ANNUITIES: 6 month grace period for annuity is permitted together with a fine of 100% of the amount due

MARKING: Required to mark as "Patent No." or "Process Patent No." in Japanese characters on articles if possible, otherwise on wrappers or container

WORKING: No compulsory licensing

³⁰ Utility models available

³¹ Limited exceptions

INFRINGEMENT ACTIONS: Relief in the form of damages and an injunction may be obtained in a civil action; in criminal proceedings a fine of not more than 500,000 yen or hard labor imprisonment not exceeding 5 years may be imposed

MEXICO

PATENTS

CONVENTIONS: Paris Convention, NAFTA, TRIPs

REQUIREMENTS: Novelty, inventive step, and capable of industrial application

EXCLUSIONS: Plant or animal species, natural biological material, genetic material, biological processes for production or reproduction of plants, animals or self-replicable materials, living matter constituting part of the human body

EXAMINATION: Formal examination, limited to Mexican patents and patent applications, but the patent office may cite any reference, foreign or Mexican, destroying novelty

PUBLICATION: After examination

OPPOSITION: Administrative procedure for cancellation

DURATION OF RIGHTS: 20 years from filing date, with 3 year extension available for pharmaceuticals licensed to Mexican corporations

ANNUITIES: Due in January, with 6 month grace period

MARKING: Patent number must be marked on a patented product

WORKING: Compulsory licenses available if patent has not been worked within 3 years of grant, and lapse of patent rights if not worked within 4 years of grant if no compulsory licenses have been granted

INFRINGEMENT ACTIONS: Civil and criminal proceedings are available for patent infringement

APPENDIX C

DRAFT

SAMPLE NON-EXCLUSIVE TRADEMARK LICENSE AGREEMENT

1. PARTIES. _____, ("Licensor"), is a _____ corporation, having a principal place of business at _____. _____, ("Licensee") is a _____ corporation having a principal place of business at _____.

2. BACKGROUND. Licensor has adopted, used, and is using the following marks (hereinafter "licensed marks"). [Identify the marks that have been used. To the extent that they are the subject of pending trademark applications or trademark registrations, they should be identified as such.]

Licensor, through the expenditure of a great deal of time, effort, and money, has created and maintained a unique identity for its consistently high quality goods sold under the identified marks.

Licensor desires to license on a nonexclusive basis the marks identified above.

Licensee recognizes the value and validity of the marks and desires to obtain a nonexclusive license from Licensor.

3. GRANT. Licensor, subject to the terms of this agreement, grants Licensee a nonexclusive license to use the marks identified in connection with the manufacture and sale of [specify goods or services].

[Specify any limitations on manufacturing facilities, territories in which the properties may be used, and the extent to which the Licensee may make sales to related or affiliated companies. Also, specify the extent to which the Licensee may have the goods manufactured by an affiliated, related, or licensed company.]

4. TERM OF LICENSE. The grant as specified herein shall continue for a period of time up to and including five (5) years from the effective date of this agreement unless the grant is terminated earlier according to the terms of this agreement. Upon termination of this agreement:

- (a) The grant specified herein shall terminate;
- (b) Licensee shall not sell any goods under any of the licensed marks or any confusingly similar marks; and
- (c) Licensee shall cease any activity that suggests that it has any right under any of the licensed marks or that it has any association with Licensor; however, Licensee may fill any order received before the date of termination.

[Consider whether the term of the license is sufficient to protect the interests of the parties. The Licensee may wish to recite circumstances under which the agreement is automatically renewable. The Licensor may wish to expressly state that the agreement is not necessarily renewable and that the renewability is at the Licensor's sole discretion. Should there be a provision for the sale of inventory not sold prior to termination?]

5. CONSIDERATION. This agreement is entered into in consideration of the mutual covenants contained herein, the sufficiency and adequacy of which are acknowledged by all parties. Within ten (10) days after the effective date of this agreement, Licensee shall pay Licensor \$_____.

Licensee agrees to pay Licensor a royalty of ___% of gross sales of products on which the licensed marks are used. Royalties shall be paid monthly by the 15th day of each month based upon gross sales for the preceding month. A statement specifying the total gross sales of goods during the preceding month shall accompany each royalty payment. Gross sales shall not include any value added tax, turnover tax, or any other tax (collected by Licensee from any of its buyers) based upon sales if

such taxes are payable in addition to the price of the goods and are actually paid by Licensee to a governmental agency.

6. QUALITY CONTROL. All goods on which the Licensed marks are used shall be manufactured, advertised, and sold in a fashion consistent with the specifications provided by Licensor.

Prior to any sale or commercial use, a sample of each good to be sold under any of the licensed marks and any advertisement utilizing any licensed mark shall be provided to Licensor for its approval. Within ten (10) days after any such sample or advertising is received by Licensor, Licensor shall approve or disapprove of such sample or advertisement. Any disapproval by Licensor shall be in writing and shall specify why the sample or advertisement is not acceptable.

At reasonable times during the course of the term of this agreement, Licensor may request Licensee to submit samples of any goods or advertising using any of the licensed marks. If any such samples or advertisements fail to meet with Licensor's approval, then Licensee shall cease selling such disapproved goods or cease such disapproved advertising. Licensee shall promptly cure any defects in the goods or advertising and obtain approval from Licensor before selling such goods or using such advertising again.

7. ACCOUNTING. Licensee agrees to maintain complete records of the sales of any goods bearing the licensed marks. Licensee agrees that Licensor or its representatives at Licensor's expense shall, at reasonable times, have the right to examine or audit the books and accounts of Licensee for the purpose of determining whether royalty payments have been properly made. In the event a difference that exceeds five percent (5%) of reported gross sales is found between the reported gross sales and the actual gross sales, Licensee shall reimburse Licensor for all costs of the audit including travel, lodging, and any wages or fees.

8. INDEMNIFICATION. Licensor makes no representations or warranties with respect to any products manufactured or sold by Licensee.

Licensee is an independent contractor and is not an agent, partner, joint venturer, or employee of Licensor.

Licensee at its expense shall, during the term of this agreement, carry comprehensive general liability insurance including contractual and products liability insurance in amounts not less than \$ covering all goods and any activities that have any connection with any marks licensed under this Agreement. Licensee shall provide Licensor with a copy of a Certificate of Insurance and any other evidence of insurance that Licensor deems reasonably necessary to insure that its rights are protected.

9. ADVERTISING. [Consider the extent to which the Licensee should contribute to any national or local advertising. Should advertising contribution be based on gross sales?]

10. WARRANTIES. Licensor warrants that it is the owner of the marks licensed by this Agreement. Licensor further warrants that it is not aware of any rights that would be infringed by the sale of any goods under the licensed marks.

Licensor warrants that it has the right to enter into this agreement and to grant the rights specified herein. Licensee warrants it has the right to enter into this agreement and that the assumption of any obligation under this agreement does not violate any existing agreement to which it is a party.

Licensee warrants that it will utilize licensed marks only in a fashion authorized by the specific terms of this Agreement.

11. DISPUTES. [Consideration should be given to resolution of any disputes arising under the Agreement. To what extent should these disputes be resolved by extra-judicial means? CAVEAT:

In Texas, prior to August, 1987, dispute resolution by arbitration had to be agreed upon in a fashion specified by statute. Vernon's Tex. Ann. Civ. Stat. Art. 224-1.]

12. MARKING. [To the extent that any licensed marks are registered, the appropriate markings should be utilized. Consideration should be given to whether some notice should be placed on any goods indicating that the marks are licensed by the Licensor.]

13. INFRINGEMENT BY THIRD PARTIES. [There should be some obligation on the part of the Licensee to report any infringements of the marks or any unfair competition involving any of the licensed marks. Who should have the right to initiate suit? To what extent should the Licensee be required to fund any lawsuit? To what extent, if any, should the Licensee be able to share in any damages collected?]

14. DEFAULT AND TERMINATION. [Under what conditions may the agreement be terminated? Under what conditions is the agreement automatically terminated? Should the agreement specify a manner in which any default can be cured?]

15. MISCELLANEOUS.

A. Controlling Law. [Irrespective of the law chosen, the parties should be familiar with the nuances of that law to make certain that their rights are fully protected. It is easy to mindlessly agree that "the law of the State of X shall control the interpretation of any provision of this agreement". Under certain circumstances, a contract executed in Texas but governed by the laws of another state or subject to litigation or arbitration in another state must be executed in the fashion specified by Texas statute. Otherwise, the provision is voidable by the party against whom it is sought to be enforced. V.T.C.A., Bus. & C. § 35.53.]

B. Assignment. Licensee shall not assign, encumber, sublicense, or otherwise transfer this agreement or any rights it grants without the prior written consent of Licensor. Licensor may assign this agreement or any rights it may own without the consent of Licensee.

C. Compliance with Controlling Law. Licensee agrees that it shall obtain the consent of any proper governmental authority prior to undertaking any activity under the terms of this agreement. Licensee further agrees that it shall comply with all local, state, and federal laws that may control any aspect of this agreement or any activity undertaken under the terms of this agreement.

D. Integration Clause. This agreement contains the entire agreement between the parties with respect to the subject matter it covers. It supersedes and cancels any prior oral or written indications, undertakings, understandings, agreements, or negotiations concerning the subject matter of this agreement. This agreement may not be altered in any respect except in writing. The party alleged to have agreed to such alteration must sign the document that sets forth the alteration.

E. Severability. If any term of this agreement is held to be illegal, invalid, or unenforceable, this agreement shall be executory as though such term had not been contained in the original agreement.

F. Construction. The language of this agreement is acknowledged to be the language of both parties. No party shall be deemed to be the author of this agreement for purposes of construing any term of this agreement.

G. Non-Waiver. The failure of any party to exercise any right or option given to it by this agreement or to insist upon strict adherence to the terms or conditions of this agreement shall not constitute a waiver of any terms or conditions of this agreement with respect to any other or subsequent breach.

H. Security Interest. [To what extent should the Licensor maintain any security interest in the executory agreement or in any goods manufactured under the terms of the agreement? This provision is associated with the following bankruptcy provision.]

I. Bankruptcy. [To what extent should the Licensor protect itself against the Licensee's bankruptcy? To what extent may the Licensor prevent the sale of any rights under the agreement to any purchaser at a bankruptcy sale? Should the Licensee's rights be protected in the event of the Licensor's bankruptcy? See Bankruptcy Code, 11 U.S.C. § 365(n)(1).]

J. Notice. Any notice, payment, or statement required by this agreement shall be either personally delivered or sent by registered or certified mail, postage prepaid, to the addresses indicated in paragraph 1 above. Notices, etc., are effective as of the date delivered or when placed in the U.S. mail properly addressed and containing the proper postage. Either party may designate a different address by notice to the other. [Consider whether notice by modern electronic or rapid delivery means is appropriate.]

K. Most Favored Licensee. [To what extent should any agreement specify that the royalty rate shall be automatically reduced should a subsequent Licensee obtain a lower royalty rate? If this type of provision is included, care must be taken in drafting it. Otherwise, it may be triggered by circumstances not specifically considered by the parties.]

L. Force Majeure. In the event that the performance by either party of any obligation or undertaking of this agreement shall be prevented, interrupted, or delayed by an act of God or other occurrence beyond the party's control, then that party shall be excused from performing such obligation or undertaking.

This agreement shall be effective as of the latest date on which it is executed by an authorized representative of either party.

LICENSOR

By:

_____ Date:
(Type Name of Individual)

(Title)

On this _____ day of _____, 19____, personally appeared before me known to me to be the person who subscribed his name to this document as an authorized representative of (Licensor's Name) and indicated that he executed the documents under his own free will for the purposes and consideration expressed therein.

Notary Public
My Commission Expires

LICENSEE

By:

_____ Date:
(Type Name of Individual)

(Title)

On this _____ day of _____, 19____, personally appeared before me known to me to be the person who subscribed his name to this document as an authorized representative of (Licensee's Name) and indicated that he executed the documents under his own free will for the purposes and consideration expressed therein.

Notary Public
My Commission Expires

APPENDIX D

DRAFT

SAMPLE COPYRIGHT OWNERSHIP AGREEMENT

1. PARTIES

1:1 _____, ("Owner"), is a _____ corporation, having a principal place of business at _____.

1:2 _____, ("Writer"), is an individual residing at _____.

2. BACKGROUND

2:1 Owner desires to publish periodic issues of a Newsletter for the Owner and to specially commission Writer to create them. Owner also desires to own the copyright in each issue of the Newsletter.

3. CONSIDERATION

3:1 This agreement is entered into for the purposes and consideration expressed here, the sufficiency and adequacy of which are acknowledged by the parties.

3:2 Writer shall be paid \$_____ for creating and providing for publication each issue of the newsletter.

4. OWNERSHIP

4:1 Each issue of the Newsletter that Writer has been specially commissioned to create shall be considered a "work made for hire".

4:2 Writer shall execute all documents that Owner may deem necessary to record, effect, or otherwise recognize the ownership of each issue of the Newsletter created by Writer.

5. WARRANTY

5:1 Writer has no obligations that are inconsistent with any provision of this agreement.

6. MISCELLANEOUS

6:1 Controlling Law. [Irrespective of the law chosen, the parties should be familiar with the nuances of that law to make certain that their rights are fully protected. It is easy to mindlessly agree that "the law of the State of X shall control the interpretation of any provision of this agreement". Under certain circumstances, a contract executed in Texas but governed by the laws of another state, subject to litigation in another state, or subject to arbitration in another state must be executed in the fashion specified by Texas statute. Otherwise, the provision is voidable by the party against whom it is sought to be enforced. V.T.C.A., Bus. & C. § 35.53.]

6:2 Integration Clause. This agreement contains the entire agreement between the parties with respect to the subject matter it covers. It supersedes and cancels any prior oral or written indications, undertakings, understandings, agreements, or negotiations concerning the subject matter of this agreement. This agreement may not be altered in any respect except in writing signed by the party alleged to have agreed to such alteration.

6.3 Force Majeure. In the event that the performance by either party of any obligation or undertaking of this agreement shall be prevented, interrupted, or delayed by an act of God or other occurrence beyond the party's control, then that party shall be excused from performing such obligation or undertaking.

This agreement shall be effective as of the latest date on which it is executed by either party.

OWNER

By: _____ Date: _____
name
position

Before me on this ____ day of _____, 19____, personally appeared the person whose name is subscribed to this instrument and acknowledged that he was authorized to execute the instrument on behalf of _____ for the purposes and consideration expressed therein.

Notary Public

WRITER

By: _____ Date: _____
name
position

Before me on this ____ day of _____, 19____, personally appeared the person whose name is subscribed to this instrument and acknowledged that he was authorized to execute the instrument on behalf of _____ for the purposes and consideration expressed therein.

Notary Public