PASCALE LONGUET
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Protection Of Intellectual Property In The US

Authors: Pascale Longuet, Attorney at Law, Admitted in New York and Paris, and Pooja Patel, 3L Law Student Rutgers Law School, Law Office of Pascale Longuet (www.longuetlaw.com), January 2023

This article will cover several legal intellectual property (IP) issues that companies or investors outside the U.S. should keep in mind upon conducting business in the U.S.

Intellectual property (IP) is a crucial aspect of international commerce. The logo of a brand, the slogan for a company, design of a restaurant chain, packaging for a perfume, the technology and trade secrets associated with research and development all illustrate how IP law is needed to distinguish a business's brand, image, products, or services from its competitors. IP law is also essential to protect consumers from the likelihood of confusion between two similar brands. IP rights include ownership, profitability, copying, distributing, and usage rights, among many more rights, over the subject matter. Basically, it protects one's exclusive right to create and develop, use the creations, and prevent others from using them.

IP law and rights typically refer to copyright, trademark, and patent law. However, IP also encompasses areas such as the protection of confidential information, trade secrets, rights of publicity, non-competition agreements, unfair competition, licensing, and much more.

At the onset of a project's development, it is imperative to protect confidential and proprietary information through non-disclosure agreements ("NDA") to avoid the risk of the information being used by competitors. Non-disclosure and confidentiality provisions are

reflected in numerous other contracts such as sale and purchase agreements or employment agreements. From a practical standpoint, the assistance of an attorney is highly recommended in drafting these contracts so that they are tailored to the particulars of the matter.

Entering the U.S. market raises issues such as: (1) enforcing IP rights which are registered only in other countries, (2) taking steps to secure the protection of IP rights in the U.S., (3) understanding the proper jurisdiction for litigating international IP matters, and (4) applicable definition of infringement. The limited international IP law that exists is technically sourced from treaties and conventions that member countries have consented to. However, in real practice, answers to legal issues in international IP law will likely end up being determined by the laws and regulations of the countries where IP protection is sought and registration procedures in those countries. This translates into addressing the specifics of protecting IP rights in the US legal context.

In the U.S., trademarks and patents are predominantly registered through and regulated by the US Patent and Trademark Office (USPTO). Parties engaging in commercial activity in the U.S. should register for protection through the USPTO or U.S. Copyright Office as soon as possible.

Copyrights

Copyright in the U.S. can protect original writing, film, photographs, videos, lyrics, musical composition, art, etc. In corporate contexts, copyright is commonly associated with protecting advertisements, design images, or content on websites. The creator of a work owns the copyright, or a company can own it if they contracted another party to create the "work-for-hire".[1]

U.S. copyright automatically exists for an original work once it is created and typically lasts until 70 years after the creator's death, subject to exceptions. While registration for copyright in the U.S. is not mandatory, it is highly recommended that one register their work for copyright protection through the U.S. Copyright Office nonetheless because a work must be registered in the U.S. to enforce its exclusive copyright through litigation, and to collect attorney's fees or statutory damages in that

litigation.[2] In practice, this means that even if a work is registered for copyright in another country, if one wants to sue for infringement of that work in the U.S., they cannot sue in the U.S. unless the work is also registered in the U.S.

Besides utilizing NDAs before talking to prospective investors or other third parties, a party may want to copyright any brochures, images or drawings, or presentations containing company or product information before showing them to third parties who may use the materials to compete.

Copyright law mostly functions under a national scope. US copyright can be enforced abroad if "the target country is a signatory of the various international [IP] protection treaties," such as the Berne Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).[3] These agreements set common minimum requirements, standards, and factors for IP rights between the signatory countries, but the specifics within copyright law differ from country to country to a certain degree.[3]

One should always check the target country's law on whether the work is protected upon creation or whether they must register their work in that country for protection.

Trademarks

Trademark protections are arguably even more prominent in international commerce. Commonly trademarked subject matter includes slogans, brand name, domain names, and designs of goods and services. Trademark protections are essential for building and protecting the brand of goods or services rendered. The name or logo of a business, whether it be for sneakers or haute couture, requires protection in multiple countries to prevent counterfeits from being made and sold abroad, scamming, diluting the brand, etc.

There is also a risk unique to online commerce called cybersquatting, where people will buy domain names containing another company's name so that they can ransom it to the company that wants that website name.[4] To avoid this risk, companies should trademark their name and buy all its website domain names; .com, .net, .org, etc.

Geographical indicators are uniquely trademarkable in international law, and less so under domestic law, because they can indicate a product's quality based on its origin. For example, in the U.S., the word "champagne" can only be used in trademarks for sparkling wines that are produced in the French region of Champagne. If a mark is intended to be used in countries that speak different languages, it may be worthwhile to include translations of your mark in those languages on your U.S. trademark application.

The Madrid Protocol, made by the Word Intellectual Property Organization ("WIPO") and consented to by the US and ninety countries, *"allows the trademark owner to apply for trademark protection in several countries by filing one application [in one language] directly with a national or regional trademark office of the trademark holder's choosing."*[6] Although there have been trends to harmonize trademark law with globalization, each country's jurisprudence still has their own system of registering and enforcing trademark protections. While the Madrid Protocol makes the trademark *filing* processes easier, it does not automatically grant trademark protections in each other the countries an applicant applied for trademark registration in.[3, 4] Essentially, each country that the applicant is seeking protection in has their own right to grant or deny protections.[7]

Accordingly, it is important to keep in mind that, despite generalized international treaties existing, the full scope of trademark law (especially the right to litigate to enforce your mark) functions under a national scope. If a trademark is registered in a non-American country, it is necessary to register this mark through the U.S. Patent and Trademark Office ("USPTO") to receive full protection in the U.S. to avoid the aforementioned risks. The absence of trademark registration can be detrimental in terms of deciding the jurisdiction or ability to litigate to enforce the mark's protection against infringement. For example, similar to copyright, a company with a foreign trademark registration cannot sue in the United States for trademark infringement, unless they hold U.S. trademark registration as well. The same can likely be said for an American party looking to sue a foreign infringer without having trademark registration in that foreign country.

Trademark registration in the U.S. is granted on a "*first-to-use*" basis, which means that the first entity to use or sell a good/service in public under that mark will be granted the mark's protection, even if they have not filed for trademark protection. For example, imagine Entity A

is using a certain mark in interstate commerce, but has not yet filed for trademark protection with the USPTO. A year later, imagine Entity B tried to file for trademark protection of the same mark. Entity B will either not be granted the registration of that mark by USPTO or will have their application challenged by Entity A because, even though Entity A has not filed for registration, Entity A is already using it.[8] Hence, U.S. trademark law prioritizes the party that was first to use the mark. The reasoning behind this process is that trademark law is ultimately meant to protect consumers from getting confused between two companies using the same mark. If a mark is already in use, regardless of registration status, the consumer may have already seen the mark associated with the company that was first to use it. Then, when trying to purchase something with that mark, they may mistakenly purchase a product with the mark that came second in use but first in registration. Therefore, the U.S. system will prioritize the mark that is first in use. Nonetheless, it is highly recommended that one file for registration as soon as possible.

The main U.S. trademark application is based on "*actual use*", meaning the mark is on goods/services that are already being sold or used in interstate commerce. Coined as the "1-A" application, the actual use application must be accompanied by the Statement of Use, which must include a list of services/goods that will use the mark, the first date of interstate sale, and pictures of the mark affixed to the services/goods.

Another basis for trademark application in the U.S. is called "*Intent To Use*" ("ITU"), when goods or services are not ready to be in public use (for example, during the research and development phase). ITUs ensure that even if another company puts the mark in actual use first, the company that filed an ITU application first will have priority over the other company's trademark application.

If another entity has already filed an ITU before you file anything, but your product is first in actual use, priority will still go to the person who filed the ITU first.

Other countries, such as France and many countries in the European Union, run on a *first-to-file* basis for granting registration.[8] Evidently, this means the first party to formally register for trademark protection will be granted it regardless of who the first entity to use the mark in public commerce is. It may occur that a mark that is first-in-use in the United States is ineligible for trademark protection in another country if that other country runs on a first-to-file basis and someone has already registered the mark there.

Trademark registration in the U.S. is a lengthy, complicated, and expensive process. As such, the registration process might last over a year. Registration fees due to the USPTO are based on the number of international classes in which the relevant product or service belongs

and are non-refundable. These fees may be costly to some. However, exponentially more can be lost in profits and reputation without trademark protections. The U.S. application process and prosecution are done online.

Patents

Patents typically fall into three categories: utility, design, and plant patents. Basic patent requirements include that the invention must be nonobvious, novel (even an improvement to an existing invention is novel to that invention), and useful.

Unlike U.S. copyright and trademark law, U.S. patents are granted on a first-to-file basis and will not be protected abroad. If the invention is not ready, but is instead in its development stage, then one may first file a provisional patent. In the U.S., provisional patents function parallel to trademark's "intent-to-use' application. Provisional patents hold the owner's priority in line when determining who was the 'first-to-file." To calculate the date of effect and deadlines, one should calculate based on the date the application was filed, not granted. For example, utility patents last 20 years. If you filed for the patent in 2000, and the patent was granted in 2003, the expiration date for the patent is still 2020; not 2023. The patent application review process is typically 3 years, which is why the USPTO amended the patent protection expiration from a 17-year to a 20-year duration to account for the review process.

One must file for patent protection in the target country, according to the governing laws and procedures, to obtain protection. Please note that patent attorneys are specialized counsels with science degrees. Patent protection can be an immense advantage for a

corporation against their competitors by granting the patent-owning corporation the sole right to use, sell, and license their invention or process.

References:

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