

# GUIDELINES FOR PROTECTION OF INTELLECTUAL PROPERTY

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Manufacturers, integrators, designers, consultants and others involved in the audiovisual industry have expressed great interest in learning how to protect what is often their most valuable business asset – their intellectual property. What follows is a description of the types of intellectual property that are common in the audiovisual industry and how their owners may protect their property from infringement by others.

This white paper is the opinion of its authors and should not be considered as legal advice. Anyone involved in intellectual property issues should retain their own legal counsel to guide their actions.

## TRADE SECRETS



### Description

A trade secret is any scientific, technical, business or financial information that satisfies both of the following requirements:

- (1) It is valuable because it is not generally known to and is not readily ascertainable (by lawful means) by competitors or others who could use the information in their business; and
- (2) The owner has taken reasonable steps to keep it confidential.

### Advantages

The owner of the trade secret can prevent others from misappropriating the information for as long as the foregoing requirements are met (e.g. the formulas for various soft drinks). There is no registration requirement.

### Limitations

A competitor may use the trade secret if it develops the information independently or acquires it from a third party under no duty to keep it confidential. In high tech and other industry sectors, trade secrets have short lives due to the mobility of employees, the accessibility of information and the like.

### Examples:

Computer source code; customer data; supplier data; pricing formulas or structure; manufacturing processes, equipment and formulas; business plans.

### How to Protect

- (1) Limit access to the organization's trade secrets to those who are trustworthy and really need to know.
- (2) Obtain written agreements from all employees and outside contractors obligating them to keep the organization's trade secrets confidential and to refrain from using them outside the scope of their duties.
- (3) Obtain written agreements from key employees obligating them to refrain from working for a direct competitor in the same capacity for a brief period (2 years maximum).
- (4) Mark tangible copies of the organization's trade secrets "Confidential".
- (5) Remind attendees at meetings where any trade secret is discussed to keep it confidential.
- (6) Remind departing employees of their obligation not to take trade secrets with them.

### Enforcement Actions

In the event of serious misappropriation, actual or imminent, the trade secret owner can go to court and ask for seizure of records and other items embodying the trade secret, temporary and permanent injunctions prohibiting use or dissemination of the trade secret, damages covering the owner's losses and/or the profits arising from the misappropriation and, in egregious cases, attorney's fees. Typically, these legal actions are brought in state court under the Uniform Trade Secrets Act, although there are also federal laws prohibiting business espionage subject to the jurisdiction of the federal courts.

### International Issues

Most industrialized countries have laws that provide legal recourse for theft of trade secrets. However, the practical advantage of trade secrets over patents, trademarks and copyrights lies in the maintenance of secrecy. With the other forms of intellectual property, public disclosure is required. Provided that the intellectual property is of a kind which can be kept secret, such as a manufacturing process, a formula, sources of supply and the like, trade secret protection is more likely to be effective in the short term in preventing slavish copying in countries where patents, trademarks and copyrights are not well enforced.

## COPYRIGHTS

### Description

Copyrights are a divisible bundle of exclusive rights to reproduce, distribute copies of, prepare derivative works from, publicly display and perform original works in the literary, performing, and graphic arts, motion pictures and sound recordings.

### Advantages

Copyrights arise when the worked is fixed in any tangible medium of expression (DVD's, books, websites, etc.). Copyrights owned by organizations last for 95 years. Registration is relatively simple and inexpensive. Copyrights are worldwide in scope.

### Limitations

Copyrights protect only the manner in which things are expressed; they do not prevent others from using the ideas, emotions and information contained in the work. If an aspect of the work is functional, that aspect can be freely used by others.

### Examples

Non-functional graphic user interfaces in computer programs; architectural drawings, sound recordings, audio-visual works, web site layouts, sculpture, paintings, books, and advertising.

### How to Protect

- (1) Register the work with the US Copyright Office (see 'Enforcement Actions below)
- (2) Place a copyright notice "© [first year of publication] [name of copyright owner]" on every copy.

- (3) Obtain a written assignment of copyrights from independent contractors at the time the independent contractor is engaged by the organization to create a work. Works created solely by the organization's employees belong to the organization from the outset.

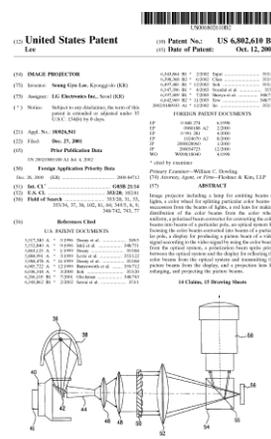
#### Enforcement Actions

In the United States, the federal courts have exclusive jurisdiction over copyright infringement actions. For US nationals, it is necessary to obtain copyright registration, or at least file an application for registration, prior to initiating a lawsuit. If copyright registration is obtained prior to the infringing activity, the successful plaintiff is entitled to statutory damages and, in the court's discretion, attorney's fees. Injunctive relief and actual damages may be awarded in lieu of statutory damages. There are also criminal penalties for record piracy and other forms of wholesale copying. In addition to civil and criminal actions, the importation of infringing articles can be prevented or impeded by filing details concerning the copyrighted work and the infringing activity with the US Customs and Border Protection Service.

#### International Issues

160 countries have ratified the Berne Convention for the Protection of Literary and Artistic Works. In most countries, it is unnecessary to register one's copyright claim before filing a lawsuit for copyright infringement. In the European Union, administrative action is available to prevent or impede the importation of infringing articles into any of the member countries. While some countries lag behind North America and Europe in copyright protection, this situation is likely to improve as the economic pressures to innovate overtake current incentives to copy. Furthermore, with laws prohibiting importation of infringing articles currently available in many countries, the exportation of infringing goods from those countries where enforcement is lax can be substantially reduced.

## PATENTABLE INVENTIONS



### Description

A patentable invention is anything under the sun devised by a person, provided it is new and sufficiently different from what has been done before as to be non-obvious to one of ordinary skill in the pertinent technology.

### Advantages

A patent provides the owner with a right to exclude others from manufacturing, using, selling or offering to sell the invention, broadly speaking, for twenty years from the date the first patent application for the invention is filed. Competitors must design around the invention to avoid infringement.

### Limitations

Patents can take a long time (2-5 years) to issue and are relatively expensive to obtain, particularly if international patent protection is sought. The validity of a particular patent and the scope of its protection are problematic, so enforcement actions are expensive and unpredictable in outcome.

### Examples

Software-related business methods; pharmaceuticals, audio-visual equipment.

### How to Protect

- (1) Obtain written agreements from all R & D employees and others in a position to invent to assign their patent rights to the organization.
- (2) Keep extensive records of the development of the invention.
- (3) Obtain a written confidentiality agreement before disclosing the invention to anyone outside the organization.
- (4) Contact a patent attorney long before the invention is used, offered for sale or disclosed to others.

- (5) Seek patent protection for significant inventions in the countries in which substantial sales of the goods or services embodying the invention are or will be made.
- (6) License others to commercialize the invention in territories and markets outside of the organization's ability to develop by itself.

#### Enforcement Actions

Owners of US patents must file suit in federal court to prevent or curtail infringement in this country. All of the usual remedies - injunctive relief, damages, or the infringer's profits - are available to the successful plaintiff. If the patent infringement is deemed willful, the plaintiff may be entitled to enhanced damages and attorney's fees. In the event that infringing goods are being imported into the US, the patent owner must initiate an investigation by the International Trade Commission in order to stop the infringing articles at the border.

#### International Issues

Unlike copyrights, patents are limited to the borders of the country or region from which they are issued. Thus, it is necessary to hold a patent in each country or region in which exclusive rights to the invention are deemed necessary or desirable. Most industrialized countries have ratified the Patent Cooperation Treaty, which enables an organization seeking patent protection for its invention to file a single application designating any or all of the member countries. Ultimately, each of the countries or regions must approve the application and issue its own patent, but the Treaty has substantially increased the uniformity in patent laws from nation to nation. Regional patents are available in Europe, Africa (2 regions) and Eurasia.

Some countries limit or exclude patent protection for certain pharmaceuticals and computer software, and in some countries, enforcement of patent rights is relatively lax. Nevertheless, patent protection is expanding globally and will continue to do so as economic incentives for innovation overtake the incentive to copy.

## TRADE / SERVICE MARKS



Int. Cl.: 35  
Prior U.S. Cl.: 101  
United States Patent and Trademark Office Reg. No. 1,533,575  
Registered Apr. 4, 1999

SERVICE MARK  
PRINCIPAL REGISTER

INFOCOMM INTERNATIONAL

INTERNATIONAL COMMUNICATIONS IN-  
TERESTS ASSOCIATION, INC. (VIRGINIA  
CORPORATION)  
1400 PINE STREET  
FAIRFAX, VA 22031

FIRST USE 5-0-1988, IN COMMERCE  
5-0-1988  
NO CLAIM IS MADE TO THE EXCLUSIVE  
RIGHT TO USE "INTERNATIONAL", APART  
FROM THE MARK AS BROWN.

FOR ORGANIZING AND PROMOTING  
TRADE SHOWS RELATING TO AUDIO-  
VISUAL VIDEO, COMPUTER AND INFORMA-  
TION PRODUCTS, IN CLASS 35 (U.S. CL. 101)

SER. NO. 751,060; FILED 9-12-1988  
IRA J. GOODSID, EXAMINING ATTORNEY

### Description

Trademarks and service marks serve as the means by which customers associate a particular product or service with a single source and distinguish that product or service from those of others.

### Advantages

As long as a trademark or service mark performs the foregoing functions, its owner can exclude others from using confusingly similar marks on related goods. As compared with patents, trademark registration is relatively efficient and inexpensive.

### Limitations

Unless the mark has been registered in a particular country or region, the territorial scope of the owner's exclusive rights to the mark in that country or region will be adversely affected.

### Examples

AVIXA™, Microsoft®, Nike®, Titleist®, Home Depot®, Sun-Maid®.

### How to Protect

- (1) Select a mark that is suggestive, rather than merely descriptive, of the goods or services it identifies.
- (2) Conduct a thorough search for potentially conflicting marks prior to using the new mark.
- (3) Apply to register the mark with the Trademark Office of the United States and the Trademark Offices of other countries where the mark will likely be used.

- (4) Use the trademark registration symbol, ®, adjacent to the mark, once registered, whenever it appears on tags, labels, advertising, web sites, signs and the like.
- (5) License others to use the mark on noncompetitive goods and services or in geographic areas outside the organization's reach.

#### Enforcement Actions

In situations where the infringer is selling goods bearing literal copies of the organization's trademark, US law permits the trademark owner to ask the court to order the seizure of infringing goods prior to notifying the infringer. In cases where the infringing conduct does not amount to outright piracy, or where the infringer is not likely to run and hide, the usual lawsuit may be filed in state or federal court, seeking injunctive relief, damages, attorney's fees and the like.

US trademark law includes a statute prohibiting false advertising, so if a competitor is making false statements of fact about its products or those of its competitors, a lawsuit may be filed even though there has been no infringement of the organization's trademark.

In addition to civil and criminal actions, the importation of infringing articles can be prevented or impeded by filing details concerning the organization's goods, its registered trademarks and the infringing activity with the US Customs and Border Protection Service.

#### International Issues

The Madrid System for the International Registration of Marks does not require separate registration or renewal in each designated country, so it is ostensibly more efficient than the international patent application process under the Patent Cooperation Treaty. However, at present, only 30 countries (including US, China, European Community states, Australia and Japan) are members of the Madrid System, so separate applications for trademark registration in other countries where the organization intends to offer its goods or services would be advisable. Also, the Madrid System does not provide for enforcement of trademark rights, so legal proceedings must be initiated in the country in which the infringing activity occurs or where the infringer can be found.



## The Role of the Trade Association

AVIXA™, the trade association for the audiovisual industry, can assist members in protecting their intellectual property by:

- (1) Educating members to recognize, protect and enforce their intellectual property rights;
- (2) Working with the U.S. and other governments to support international respect for and enforcement of intellectual property rights; and
- (3) Cooperating with courts and governmental agencies with regard to enforcement of intellectual property rights.

However, there are limitations as to what AVIXA can do on its own or at the request of a member. In particular, AVIXA cannot bar allegedly infringing products from being exhibited at its trade shows without a court order. This is true for several reasons, including:

- (1) AVIXA could be found guilty of violating the antitrust laws designed to prevent restraint of trade. The penalties for such violations are severe and include potential criminal prosecution and civil liability. Successful plaintiffs in antitrust cases may be awarded triple damages plus attorney's fees and other costs. Punitive damages are also sometimes assessed. Even if AVIXA defeated the antitrust claims, the costs of defense would be huge.
- (2) AVIXA has neither the expertise nor the authority to decide infringement claims. The courts have such expertise and authority.
- (3) It is a longstanding policy of AVIXA and most trade associations not to get involved in legal disputes over intellectual property or other legal disputes between members. Again, this is what the courts are for.

What's A Member To Do?

- (1) Consult with an intellectual property attorney about taking the necessary steps to protect the organization's intellectual property as outlined above.
- (2) In the event of an actual or threatened infringement, utilize an intellectual property attorney to send cease and desist letters and, if necessary and worthwhile, to file legal actions against the alleged infringer requesting damages for the infringement and an injunction preventing the infringer from continuing to do so.
- (3) When a court-issued injunction or restraining order is presented to AVIXA, show management will comply with the order of the court, which may require an infringer to refrain from displaying its products at AVIXA.