

ALABAMA'S ANSWERS



Intellectual Property Basics

Alabama Small Business Development Center Network



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The Alabama Small Business Development Center (SBDC) Network

Growing Alabama's Economy, One Small Business at a Time



The Alabama Small Business Development Center (SBDC) Network is a statewide program which provides no-cost management and technical assistance to small businesses in Alabama. With its professional business advisors and specialists, the Alabama SBDC provides existing and aspiring entrepreneurs with the expert assistance, tools, training and education they need to succeed. It operates ten offices with support from partners including four-year universities, federal agencies, the State of Alabama, and economic development organizations.

The Alabama SBDC Network is hosted by The University of Alabama and is part of the UA Office for Research & Economic Development. The Alabama SBDC is a resource partner of the U.S. Small Business Administration and is an accredited member of America's SBDC, the national association of Small Business Development Centers. Alabama SBDC member institutions include Alabama State University, Auburn University, Jacksonville State University, Troy University, The University of Alabama, University of Alabama in Huntsville, University of North Alabama, and University of West Alabama.

For more information, please visit www.asbdc.org.



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What is Intellectual Property?

Assets are things you own that have value. Money is, of course, an asset. So is any physical or tangible property that you own. Land, buildings, equipment, tools—these are all different kinds of property. Any property that you own are assets.

Intellectual property (IP) is also an asset. **IP refers to ideas that you own.** Unlike physical assets, IP is intangible.

Your idea could be an invention, a design, a way of doing things, a work of art, a brand or logo, a recipe, or any number of other concepts. Regardless of its nature, you own it, and it is a potentially valuable resource that *may* bring you benefit.

Just as tangible assets need to be protected, you can take steps to protect your intellectual property.

Using IP in Business

IP protection *may* be available for your idea. This guide is designed to help you understand what kind of IP protection you may need to pursue. There are several different types of intellectual property protections you can seek such as a patent, a trademark, a copyright, or a trade secret. The type of protection your business needs is completely dependent on the nature of the idea.

However, the fact that you obtain IP protection does not in any way mean that your product will be successful. For example, one recent study determined that 95% of the millions of active United States patents “fail to be licensed or commercialized.” (1)

Obtaining IP protection is only one of many steps you will need to successfully launch your idea.

For help with understanding the IP process—and other assistance for your small business—contact the Alabama Small Business Development Center Network at www.asbdc.org.

Using this Guide

Each type of intellectual property is applicable in specific situations. For example, in some cases, a patent will be appropriate, yet in other scenarios a trade secret might be the better choice. It is important to understand the differences between each IP choice and the protections available via each of them.

This guide is meant to help you with your intellectual property determination. It will provide you with basic information about IP. Specifically:

- What type of intellectual property are you trying to protect?
- What are the differences between types of IP?
- How long does it normally take to obtain IP protection?
- What are the costs associated with these efforts?
- What resources are available to assist your IP efforts?

The Four Basic Types of Intellectual Property Protection

There are four basic ways to protect your intellectual property:

Type of IP Protection	What it Protects
Patents	Inventions, methods, designs
Copyrights	Writing, idea expression, books, music, movies
Trademarks	A “mark” (word/phrase/symbol) that sets apart one product or brand from another
Trade Secrets	Any valuable information that you don’t want others to know about (2)

*This guide is not designed to take the place of a qualified attorney. The Alabama Small Business Development Center Network does not provide legal advice or services. If you decide to pursue intellectual property protection for your idea, we **strongly advise** you to seek out an experienced IP attorney to assist you in your efforts.*

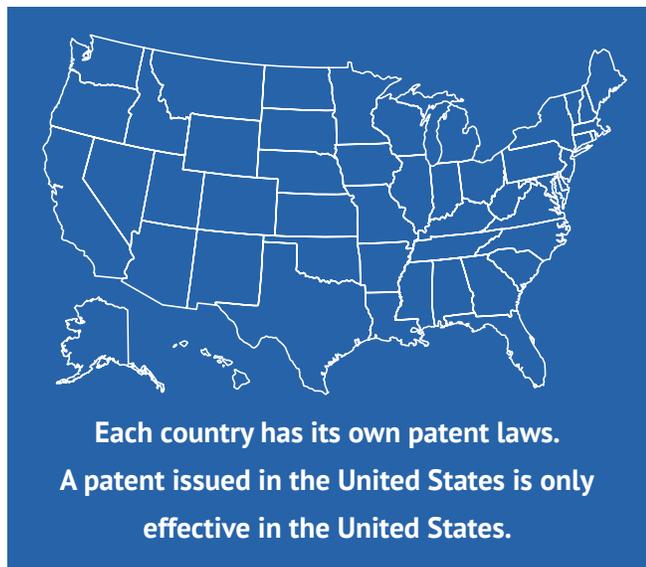
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PATENTS

A patent is a right to an invention granted by the government.



Granted by the United States Patent and Trademark Office (USPTO), it does NOT grant someone the right to make or use or work on an invention. It DOES keep others from making, using, or selling the invention for a period of time.

Obtaining a patent for your intellectual property prohibits others from **infringing** on your patent protected work.

Infringement—when someone without the proper authority “makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent.” (1)

What May Be Patented?

An invention is required to have three elements:

It must be *novel*.

The USPTO states that if the invention has been discussed publicly—via a website or a written paper or offered for sale—more than 12 months prior to filing for a patent—it is not “novel” and cannot be patented.

It must be *useful*.

The usefulness must be specific, substantial, and credible. Also, it must work. (2)

It must be *non-obvious*.

The patent examination guidelines state that a patent cannot be granted if the idea or invention “would have been obvious...to a person having ordinary skill in the art to which the claimed invention pertains.” (3)

Things that cannot be patented:
Laws of Nature
Physical Phenomena
Abstract Ideas

The Three Types of Patents

Utility Patent

The most common type of patent. Utility patents have been called “patents of invention.” A utility patent will cover a new process, product, or machine and/or some useful improvements to these. (4) As such, a utility patent can provide very broad protection.



- Utility patents take a long time to issue. Depending on the complexity of the application, it will take between two to three years to obtain a utility patent. (5)
- They are expensive. Depending on several factors, they can cost between \$10,000 to \$20,000 (including attorney’s fees) to obtain.
- Once granted, a utility patent protects an invention for a period of twenty years from the filing date.

Design Patent

A design patent protects the appearance of something. It generally consists of one or more drawings and is used to prevent someone else from creating something that looks the same.

- Design patents typically take from one to two years to be issued. (6)
- They are less expensive than utility patents.
- A design patent term is fourteen years from the filing date.

Plant Patent

As its name implies, a plant patent protects plants—the kinds that are found in a garden. Per the USPTO, the patent protects a new variety of plant—with some exceptions—that has been invented or discovered.



Plant patents are valid for twenty years from the filing date.

How to Patent Your Invention

Start with a Prior Art search

A prior art search helps you evaluate whether an invention can be patented. Without a prior art search you will be operating without information you need to make the proper decision about protecting—via patent—your invention. (7)

“**Prior Art**” refers to evidence that your invention was already publicly known before you filed your patent application.

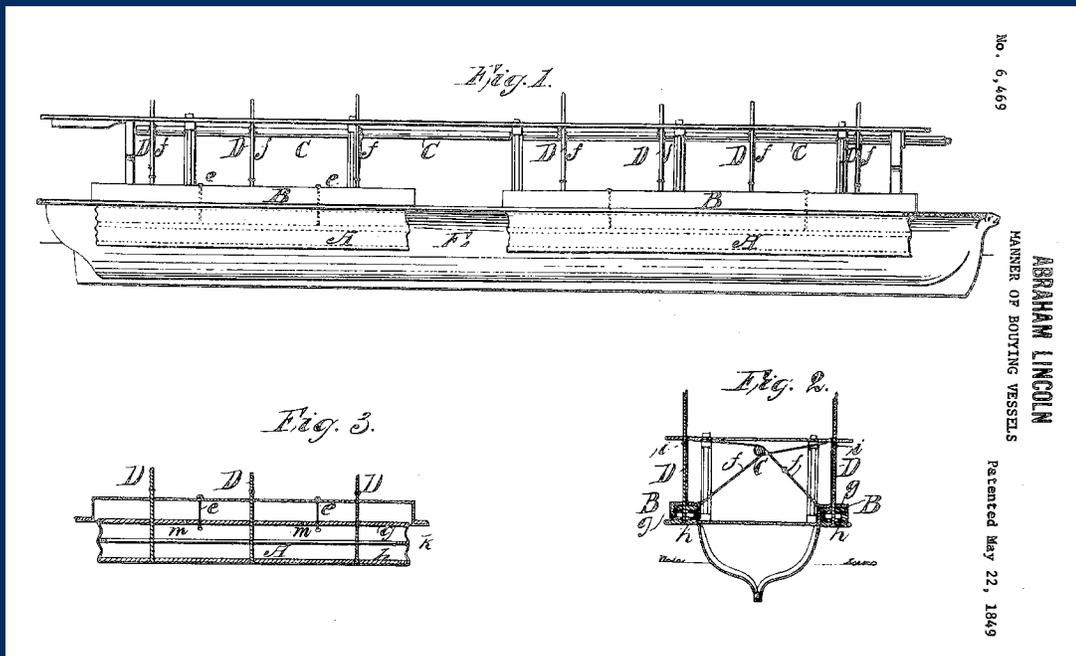
Existing information may include any journal article, technical publication, press release, marketing brochure, product information brochure, newspaper article, book, periodical or patent. The existing information will also include a traditional “patent search.” (8)

Conducting a Prior Art Search

It is not possible to conduct a complete and exhaustive prior art search. Your goal is not to examine all the prior art in existence. Rather, it’s to examine enough prior art to gain a comprehensive understanding of where your invention stands in the industry. A prior art search should begin with a traditional patent search.

A Presidential Patent?

On May 22, 1849, Abraham Lincoln received Patent No. 6469 for a device to lift boats over shoals. On a return trip from Congress in 1848, he had witnessed the struggle that steamboats often had getting over shoals. As a result, he invented the “adjustable buoyant chambers” to lift the vessels. But like many patented ideas, the invention was never manufactured. However, it did make him the only U.S. president to hold a patent. (9)



Patent searches can be conducted via the United States Patent and Trademark Office. To begin your search, go to the following two sites:

<https://www.uspto.gov/patents/search>

At this location, the USPTO provides all the tools, techniques, and tips to fully search the USPTO patent database back to the year 1790. At this site you will find:

- Web-based tutorial with step-by-step strategy to conduct a preliminary patent search
- Seven Step Strategy—outlining a suggested procedure for your search

- Detailed handouts of the Seven Step Strategy
- Access to all of the USPTO's patent databases
- Access to International Patent Databases

<https://ppubs.uspto.gov/pubwebapp/>

The newly created *Patent Public Search* tool is a web-based patent search application that replaces internal legacy search tools. This application provides the public access to search tools used by patent examiners. *Patent Public Search* has two user selectable modern interfaces that provide enhanced access to prior art.

Completing the Prior Art Search

This can be done by reviewing sources such as:

- Relevant journals and/or online sources.
- Press releases.
- Marketing materials within the appropriate industry.
- Information regarding the sale of a similar invention.

Should You Hire a Professional to Conduct Your Prior Art Search?



It is not possible to conduct a complete and exhaustive prior art search. However, if your search has come up “clean,” but you would like more certainty, hiring an attorney or another type of patent expert to conduct a professional prior art search is an option. Just be aware that this can be a costly decision—ranging into thousands of dollars. Thoroughly check credentials before engaging any individual or firm. And one final word of caution—beware of “free” search offers and other intellectual property scams. For more information regarding scams, go to page 9 .

your idea, the longer the review often takes. Think in terms of years rather than months. Consider applying for a Provisional Patent (see page10), which—if accepted—allows the inventor the use of the phrase “patent pending.”

To restate, the process of obtaining a patent is conducted via the USPTO. Filing a patent can be a daunting process. The links below are of particular interest:

<https://www.uspto.gov/patents>

This is a good jumping off location. Review the links. Patent basics, applying for a patent, and applying for assistance can be accessed here.

<https://www.uspto.gov/patents/apply/applying-online/getting-started-new-users>

If you are a new user of the patent process, start here. Here you create a USPTO customer account and what is labeled a USPTO.gov account. Both these actions allow for secure access and storage of your patenting efforts.

<https://www.uspto.gov/patents/basics>

This site provides a broad—yet detailed—look at the resources, guides, and information available to properly complete the patent process. Through this site, a whole host of training, tutorials and USPTO resources are available to help you with the entire patent process.

<https://www.uspto.gov/patents/basics/patent-process-overview>

Information contained at this link provides a deeper, and necessary look, at the entire step-by-step patent process—from determining your intellectual property needs to formally applying for your patent.

<https://www.uspto.gov/patents/apply>

The online patent filing location. It is strongly advised to be sure to fully review and educate yourself about the entire process—from prior art search to ultimately filing your patent—prior to initiating the filing procedure.

Filing for Your Patent

All patents in the United States are filed with the United States Patent and Trademark Office. As noted earlier, there are several categories of intellectual property which can be protected and registered with the USPTO. Once you have determined that what you need is a patent and that your research shows that it meets the three basic criteria of being eligible for filing—it is novel, useful, and non-obvious—you can begin the process of filing for a patent. But always keep several things in mind:

- There is no guarantee you will be awarded a patent. Many apply and many are denied.
- The timeline for receiving approval or denial can be quite long. In general, the more complex

Do you always need a patent?

In the late 1800s to early 1900s many different types of paper clip designs were awarded patents. Ironically, the “gem” clip design—the one that we all commonly know and use today—seems never to have been explicitly patented. A machine that could produce the wire needed to make a gem clip was awarded a patent—with a drawing of a gem clip on the artistic representation of the device. Despite not having a patent, the gem clip design won the day and became the industry standard in the years to come. (10)



The Cost of a Patent

As mentioned earlier, the time and effort to conduct a prior art search for your idea can be overwhelming. In those cases, a professional—such as an attorney or patent search expert—can be an option. If that is the route you choose for your patenting effort, then the cost of the search plus the actual effort required to “file” your patent can be substantial. It is difficult to supply exact figures for any one patent search and/or filing. Some variables to keep in mind include:



- Different attorneys in different locations will have different hourly rates.
- Prior art searches can be simple or complex and the costs associated will reflect that.
- The patents also range from simple to complex—as will the costs associated with their filing.
- The volume and nature of USPTO queries regarding your patent filing can also add time and costs. (11)

What Does a Patent Lawyer Cost?

In very broad terms, a patent lawyer typically costs somewhere between \$300 to \$400 per hour—again, depending on the wide range of variables already mentioned. Fees for attorneys located in major cities and affiliated with major firms can range from \$400 to \$800 per hour. Attorneys operating as sole practitioners and outside major metropolitan locations are available for \$275 to \$400 per hour. Based on these fee estimates, while often necessary, the engagement of an attorney for your patent process can come with a hefty price tag. (12)

This guide is not designed to take the place of a qualified attorney. The Alabama Small Business Development Center Network does not provide legal advice or services. If you decide to pursue intellectual property protection for your idea, we strongly advise you to seek out an experienced IP attorney to assist you in your efforts.

A Word About Patent SCAMS!

To quote directly from the USPTO, “not everyone is eligible to represent you before the USPTO in patent or trademark matters.”

Invention promotion firms should be closely examined and researched before you agree to work with them or forward them any funds. A thorough investigation is essential before you make any sort of commitment to one of these companies. While there may be some legitimate firms operating in this space, many of them make false claims and offer questionable research to attract your time and resources. In short, watch out for upfront fees, always check with the Better Business Bureau and contact the attorney general’s office in whatever state the firm(s) are located.

Bottom line, proceed with caution.

The Original Lincoln Lawyer

Abraham Lincoln's first case in Chicago's federal court was as defense counsel for patent infringement. The patent holder for a waterwheel was suing for infringement against a newer waterwheel design. Lincoln was able to successfully demonstrate that the new design was simply the application of widely understood principles of waterpower. Lincoln considered the verdict in favor of his client, "as one of the most gratifying triumphs of his professional life." (13)



A provisional application for patent has a pendency lasting 12 months from the date the provisional application is filed. **The 12-month pendency period cannot be extended.** Therefore, an applicant who files a provisional application must file a corresponding nonprovisional application for patent (nonprovisional application) during the 12-month pendency period of the provisional application in order to benefit from the earlier filing of the provisional application.

To file your provisional patent, go to:

<https://www.uspto.gov/patents/basics/types-patent-applications/provisional-application-patent>

Patent Filing Fees

What is the actual USPTO fee for filing and then—if awarded—to maintain your patent? The link below addresses all patent fee possibilities. This link will also guide you through the process to complete payment of your USPTO fees.

<https://www.uspto.gov/learning-and-resources/fees-and-payment>

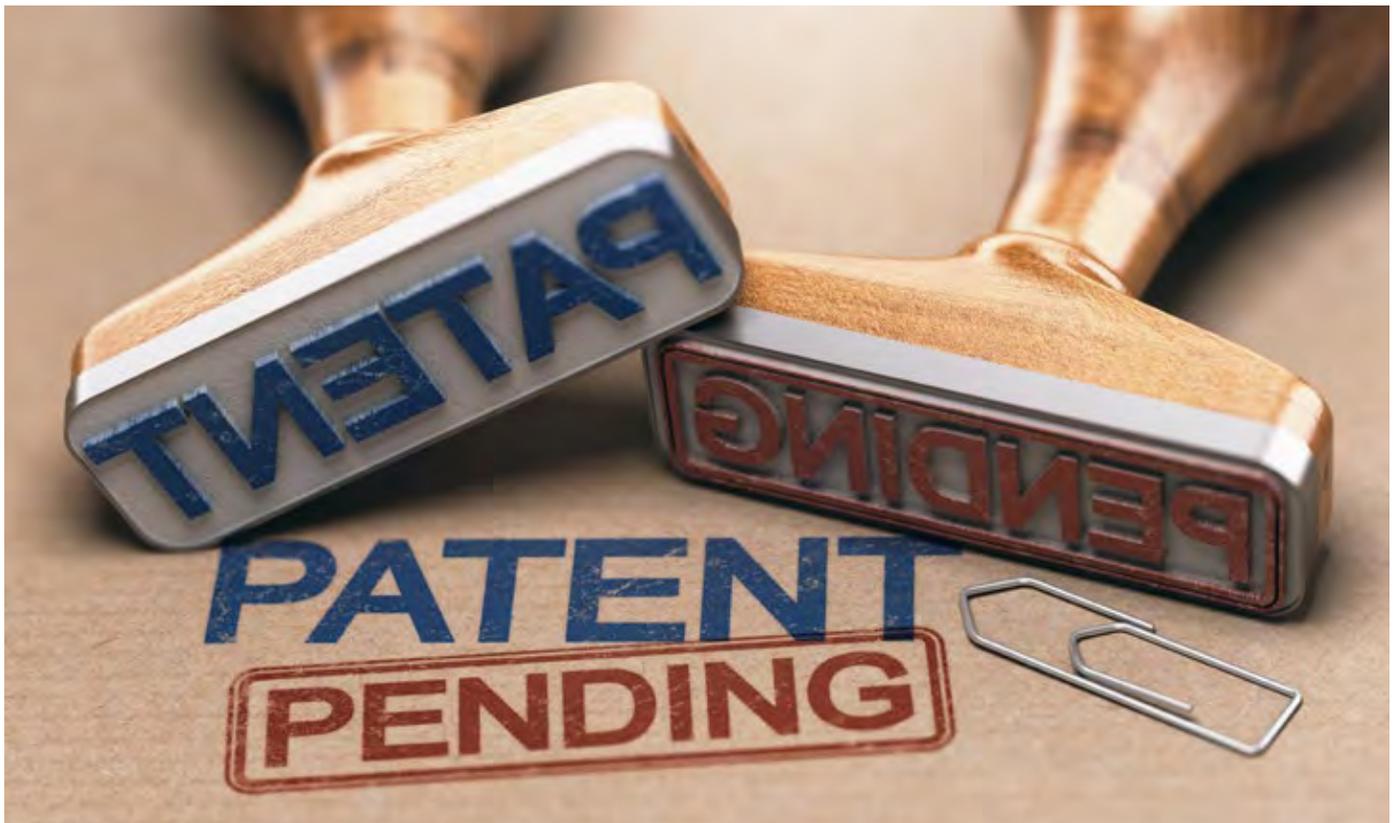
Provisional Patent Application

Since June 8, 1995, the United States Patent and Trademark Office (USPTO) has offered inventors the option of filing a provisional application for patent. A provisional patent was designed to provide a lower-cost first patent filing in the United States.

A provisional patent application allows you to file without a formal patent claim, oath or declaration, or any information disclosure (prior art) statement.

Key points regarding a provisional patent:

- A provisional patent application is the first step towards gaining a U.S. patent on a new idea or invention.
- The “patent pending” label indicates a product that is protected from copycats by a provisional patent application.
- A provisional patent application is not an actual patent.
- A provisional patent application is a cheap and fast way to gain protection on an invention for 12 months and allows the inventor to test and perfect a concept prior to filing a full patent.
- You only have a 12-month window in which to convert your provisional patent application into a full non-provisional application; failing to do so before the deadline could result in the loss of your idea. (14)



Patents By the Numbers!

How many patents are issued in a year in Alabama and the nation? For the latest year in which complete numbers are available—2020—the USPTO issued 635 patents of all types to Alabama companies and individuals. By comparison, in 2020, there were 3,483 patents issued in Georgia and 51,817 in California. For the entire country in 2020, the USPTO issued 399,055 patents. While it is difficult to align the number of patent applications in any one year with the number of patents issued—due to the length of time it often takes to have a patent approved (or rejected)—in 2020, 1,038 patent applications were submitted by individuals or entities in Alabama. (15)

Patent Pro Bono Program

If you cannot find the time or financial resources to complete the patent process for your small business, consider this option provided by the USPTO and its regional partners.

Inventors and small businesses that meet certain financial thresholds and other criteria may be eligible for free legal assistance in preparing and filing a patent application. The Patent Pro Bono Program is a nationwide network of independently

operated regional programs that match volunteer patent professionals with financially under-resourced inventors and small businesses for the purpose of securing patent protection. Each regional program provides services for residents of one or more states.

<https://www.uspto.gov/patents/basics/using-legal-services/pro-bono/patent-pro-bono-program>

Key Terms for the Patent Process

Design Patent—A design patent protects the appearance of something.

Infringement—When someone without the proper authority “makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent.”

Non-Provisional Patent—The term used to describe the standard patent application that is reviewed and will lead to the issuance of a patent—if approved.

Patent—A patent is a right to an invention granted by the government.

Patent Pending—A designation that is understood to mean that a provisional or non-provisional patent has been submitted and is being reviewed by the USPTO.

Prior Art—Refers to evidence that your invention was already publicly known before you filed your patent application-i.e., any prior description or evidence of an invention.

Utility Patent—Utility patents have been called “patents of invention.” A utility patent will cover a new process, product, or machine and/or some useful improvements to these.

For help with understanding the IP process—and other assistance for your small business—contact the Alabama Small Business Development Center Network at www.asbdc.org.

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Copyrights

Copyright is a form of intellectual property protection grounded in the U.S. Constitution and granted by law for original works of authorship fixed in a tangible medium of expression. Copyright covers both published and unpublished works. (1)

A copyright allows authors to control, protect and exploit their artistic works as they wish. Copyright protection exists the moment the work is created (put in tangible form). Copyright protection does not require the author to register their artistic expression with the United States Copyright Office (USCO).



Per the U.S. Copyright Office, while copyright registration is voluntary, it is required “if the author wished to bring a lawsuit for infringement (such as plagiarism) of a United States work.”

Three Basic Elements of Copyright

The three basic elements that your work must possess in order to be protected by copyright in the United States are:

Originality: Your work must be original to you. This doesn't mean it has to be “novel” in the manner an invention must be to obtain a patent. But it does mean that the work cannot be a copy of something else.

Creativity: Your work, per the United States Supreme Court, only needs to have a “modicum” of creativity to be creative enough for a copyright.

Fixation: You cannot have a copyright just by speaking or thinking something. It must be recorded in some fashion. In that way, it is “fixed” and you may have a copyright.

In summary, the bar to satisfy and hold a copyright—whether registered or not—is low. Most creative products will easily do so.(2)

What Can- and Cannot- be Copyrighted

The first federal copyright law was titled the Copyright Act of 1790. Currently, federal copyright law and the rules and guidance for it reside in Title 17 of the United States Code. Between 1790 and today there have been repeated adjustments and changes to the law and how it is interpreted and administered.(3)

The law supports copyright protection for the following categories of works:

- literary works
- musical works—including lyrics
- dramatic works—including accompanying music
- pantomimes and choreographic works
- pictorial, graphic, and sculptural works
- motion pictures and other audiovisual works
- sound recordings
- architectural works

There are many things copyright law **does not protect**. In broad terms, it does not protect facts, ideas, systems, or methods of operation. (4)

Do You Have to “Pay to Play?”

Apparently so, based on a lawsuit just filed in federal court.

A local BBQ joint in Alabama is being sued for copyright infringement of several musical heavyweights—including Elton John, Toby Keith and Three Dog Night. The dispute—and recently announced litigation—stems from a play list used by the restaurant on Oct 10, 2019. In short, the defendants in the case played nine songs without obtaining licensing approval. The licensing agency—industry giant BMI—discovered the activity and is now suing on behalf of the artists whose music they manage regarding royalties and licensing. (5)

Length of Copyright Protection

A copyright typically lasts for the life of the owner, plus 70 years after their death. For anonymous and pseudonymous works and works for hire, the term is 95 years from the date of publication or 120 years from the date of creation—whichever happens first. (6)



Symbols for copyrighted material include:



To Register Your Copyright—or Not?

As previously noted, your work(s) become copyrighted the moment they become “tangible.” That

said, there are significant advantages to formally registering your work with the United States Copyright Office. They include:

- By registering your work, you place the facts of your copyright on the public record.
- A formal certificate of registration is created.
- Registered works may be eligible for damages and legal fees as a result of successful infringement litigation.

“Poor Man’s Copyright”

Can you mail your work to yourself through certified mail and protect your work? Is there such a thing? Per the USCO, there is no such provision in copyright law and it is not a substitute—in case of litigation—for formal registration. Additionally, according to one leading intellectual property attorney, there is an “absence of cases actually giving any value to the poor man’s copyright.” (7)

This guide is not designed to take the place of a qualified attorney. The Alabama Small Business Development Center Network does not provide legal advice or services. If you decide to pursue intellectual property protection for your copyright(s), we strongly advise you to seek out an experienced IP attorney to assist you in your efforts.

How to Register Your Work

Formal registration of your copyright is completed by submitting your work to the United States Copyright Office (USCO) and paying the appropriate fees. The USCO website contains all the information needed to complete the registration process. You will find FAQs, tutorials and an array of other information to assist you in your efforts to protect your original work(s). To learn more and to begin the process, go to:

www.copyright.gov/



Per the USCO, most copyright applications made online will take three months to a year and a half to examine and process. Mailed in claims can take well over two years.

Once you have become familiar with the copyright process, go to the following link to register your work(s):

www.copyright.gov/registration/

What is the cost of registering your work?

The fees required to register your work can vary depending on the number of items, what types of items and whether it is a new registration or a renewal being sought. Go to the following link to determine your registration cost:

www.copyright.gov/about/fees.html

What should a copyright notice look like?

Per the USCO, effective notice of copyright will contain three elements:

1. The word copyright or the symbol ©, followed by...
2. The year of the first publication of the work,
3. And the name of the owner of the copyright.

Key Terms

Copyright—A form of protection grounded in the U.S. Constitution and granted by law for original works of authorship fixed in a tangible medium of expression. Copyright covers both published and unpublished works.

Fixation—Copyrights cannot exist in an ephemeral state. In some form, the work must be recorded. The moment that is done, it is “fixed” and you may have a copyright over the work.

Infringement—When someone uses a copyrighted work without permission of the copyright owner. The music industry is replete with examples of infringement cases that result in findings for the original copyright holder.

Tangible—A work is reduced to some concrete form, i.e., written on a piece of paper, recorded on an audiotape or videotape, stored on a computer or posted on-line.

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Trademarks

Per the United States Patent and Trademark Office (USPTO), a trademark can be any word, phrase, symbol, design, or a combination of these things that identifies your goods or services. The word “trademark” can refer to both trademarks and service marks. A trademark is used for goods and a service mark is used for services. Despite the distinction, the term “trademark” is frequently used to describe both forms of intellectual property.

Trademarks can be many things.

Words-Colors-Designs-Scents-Sounds



Similar to a copyright, the moment you use a trademark with your goods or services, you become a trademark owner. The benefits that can be derived from a trademark/service mark that you own are:

- Helps avoid confusion between your products or brand from others.
- Provides legal protection for your brand.
- Establishes your product or company in the minds of the consumer.

Search First

Like patents, you will need to search the USPTO trademark database to determine if the trademark/service mark you want to register has already been applied for or registered. Just like a prior art search for a patent, you will need to research other sources—such as state trademark databases. To learn more about this important first step in securing your trademark, go to:

<https://www.uspto.gov/trademarks/search>

To “The” or Not To “The”?

Ohio State University has officially registered a USPTO trademark for the word “the.” Starting in 2005, OSU began merchandising the word “the” on their licensed sports apparel. But it was only in 2019 that they pursued a registered trademark for the word—in large part because a famous fashion designer filed an application for the same word at that time. The designer and OSU came to a private agreement regarding the use of the word, but OSU pushed on to formally register the word as a mark of The Ohio State University. In June of 2022, the USPTO approved OSU’s use of the word “the.” The approval granted is confined to OSU’s clothing line only. (1)

Registering Your Trademark

To realize greater trademark protection, you have the option of registering your trademark with USPTO. Again, the moment you create and use your trademark, you own that mark. However, if you do not register your trademark, your rights and protections can be pretty limited—particularly from a geographic perspective. To gain broader and stronger rights—both geographic and legal—you can register your trademark(s) with the USPTO.

The enhanced rights you obtain by formally registering your trademark include:

- You get a filing date—important for legal reasons.
- You obtain evidence of your ownership of the “mark.”
- You are granted exclusive right to use it in the marketplace nationally.
- You secure the right to sue for infringement.
- Help to guard against counterfeiting and fraud.
- Federal trademark registration lasts forever—as long as you continue to use it in commerce. (2)

To learn more about the benefits of obtaining a federal trademark and how to define and establish your mark, go to:

<https://www.uspto.gov/trademarks/basics/what-trademark>

Application forms to start the trademark/service mark registration process are located at:

<https://www.uspto.gov/trademarks/apply>

The three identifying symbols for a trademark are:

TM **®** **SM**

What is the cost of registering your federal trademark?

Much like patents and copyrights, the fees associated with registering a trademark can vary depending on the choices you make at the beginning of the process. The USPTO offers two filing options at the time of your initial filing. Additionally, the fee(s) you will pay depend on

the number of classes of goods and services you include in your filing. In other words, the fees you will pay are unique to your application. To learn more, go to:

<https://www.uspto.gov/trademarks/basics/how-much-does-it-cost>



Is an Attorney Required to Complete Your Trademark Registration?

If you are domiciled in the United States, you are not required to have an attorney.

If you do not use an attorney, you are required to keep your domicile address current in all trademark filings. There are of course advantages to utilizing an attorney—particularly in aiding your trademark clearance search and defending your trademark rights—if need be. (3)

Length of Time for Approval (or denial) of Your Application.

The timeline for trademark application and final determination is generally shorter than that for a patent application. The exact length of time can vary depending on the flow of requests and other factors. But like many other aspects of the process, the USPTO provides a link that allows the applicant to check on the progress of their application. To access the information, you will need to register and login:

<https://www.uspto.gov/dashboard/trademarks/application-timeline.html>

Pro Bono legal assistance is available, depending on eligibility. Check out this link for details.

<https://www.uspto.gov/learning-and-resources/patents-help/resources-state>

Only Doing Business in Alabama?

Then perhaps you only need to register your “mark” in Alabama. Unlike patents, which are approved and issued only by the USPTO on behalf of the entire nation, states provide for trademark registrations that are only applicable within state boundaries. If your business only operates within the confines of the state of Alabama, then registering your trademarks or service marks only in Alabama can be a viable option. Just like the federal process, you will need to review the state’s online records database to determine if there are any conflicts with your proposed mark(s). Researching and applying for an Alabama mark is conducted through the Secretary of State’s office. Go to the following links to learn more:



<https://www.sos.alabama.gov/government-records/trademark-records>

<https://www.sos.alabama.gov/administrative-services/trademarks>

This guide is not designed to take the place of a qualified attorney. The Alabama Small Business Development Center Network does not provide legal advice or services. If you decide to pursue intellectual property protection for your trademark or service mark, we strongly advise you to seek out an experienced IP attorney to assist you in your efforts.

Key Terms

Domicile—A person’s fixed, permanent, and principal home for legal purposes.

Infringement—When someone uses an already registered trademark that is in constant use in the marketplace by the holder of the trademark.

Service Mark—A service mark can be a name, slogan, symbol, design or a combination of these things that identifies your service. Trademark and service mark are often both referred to as a “mark.”

Trademark—A trademark can be any word, phrase, symbol, design, or a combination of these things that identifies your goods or services.

For help with understanding the IP process—and other assistance for your small business—contact the Alabama Small Business Development Center Network at www.asbdc.org.



Sources

- 1) *Ohio State University secures trademark for use of the word “THE” on clothing*, Skubby, Aaron, The Columbus Dispatch, 6/22/22.
- 2) USPTO & North Carolina SBTDC IP Guide, 2019.
- 3) USPTO.

Trade Secrets

A trade secret is a form of intellectual property. It is any practice or process of a company that is generally not known outside of the company. According to the law of most states—including Alabama—a trade secret may consist of any formula, pattern, physical device, idea, process or set of ideas that gives the company a competitive advantage in the marketplace. (1)

There are several ways in which trade secrets are defined in different places—in part due to the growing involvement of the courts in trade secret disputes—but every trade secret definition contains the following basic features:

- Not known or readily accessible by competitors
- Has commercial value or provides a competitive advantage in the marketplace
- The owner of trade secret protects it from disclosure through reasonable efforts (2)

The Uniform Trade Secrets Act (UTSA) was adopted in the 1970s to create a model law and guidance for use by the states. The goal was to make the state laws governing trade secrets uniform. The effort was considered particularly important for firms operating in more than one state. As of now, well over forty states—including Alabama—have adopted their own trade secret regulations which allow for the proper resolution of trade secret “misappropriation” cases. (3)

Well Known Examples of Trade Secrets

The most often cited trade secret is the formula for original Coca-Cola. It is believed that the formula is “locked in a bank vault that can only be opened by a resolution of the company’s board of directors. Further, only two company employees know the formula at the same time and those two employees are not allowed to fly on the same airplane.” Of course, those are extreme measures to protect what is considered the basis for a global enterprise operating since 1886. Other interesting and well-known trade secrets include:

WD-40—Developed in 1953. To maintain the secret, the company prepares the product in three separate cities. (4)

Google’s Search Algorithm—Code intellectual property that has never been revealed. Changes have only been discussed in vague ways. (5)

What are some Alabama trade secrets?

Hard to know since they are secret! But a good place to find some would likely be in any number of barbeque

operations (the sauce)

or at the Innovation

Depot in Birmingham

where numerous startup businesses are busy writing code for the latest smartphone app.



A Trade Secret Can be Discovered Legally

Trade secrets can be discovered independently—i.e., without using illegal means or violating non-disclosure agreements. This is often done by competitors who “reverse” engineer a legally obtained product to determine its trade secret. (7)



Trade Secret or Patent?

Unlike patents, copyrights, or trademarks, trade secrets are unregistered intellectual property. As such, trade secrets possess some advantages over other forms of IP—but they require well documented efforts to keep them secure.

As mentioned, by obtaining a patent you have registered your intellectual property and have established your access to the legal system to contest infringement or other matters related to your IP. With trade secrets, the path to a legal resolution of “misappropriation” of your trade secret IP is not so clear—and often quite difficult. However, trade secrets do possess some advantages over patents. These include:

- Trade secrets can be protected for an unlimited amount of time. Patents are time limited.
- Trade secrets are protected without registration—if proper steps are taken to secure them.
- The costs to protect a trade secret can be reasonable compared to the cost to obtain a patent. (6)

Steps To Take to Protect Your Trade Secret

Courts have established—in line with the UTSA and various state laws—that “reasonable” steps are required by you to keep your trade secrets secure—which then allows you to contest the misappropriation of your trade secret IP. Examples of possible efforts you can take are:

- Requiring confidentiality agreements—Non-Disclosure Agreements (NDAs)
- Marking confidential documents
- Placing physical and electronic restrictions to access trade secret information
- Establishing systematic monitoring systems
- Raising awareness of employees regarding the importance of the issue (8)



Alabama Trade Secrets Act

The statutory home for Alabama's Trade Secret law resides in Alabama Code Section 8-27-2. As is the case in many states, the underlying legal guidance is derived from the Uniform Trade Secrets Act (UTSA). A more recent federal law—the Defend Trade Secrets Act of 2015—also provides guidance to current Alabama law. As stated in the Alabama code, a trade secret is as follows:

- Intended for use in a trade or business;
- Included or embodied in a formula, pattern, compilation, computer software, drawing, device, method, technique or process;
- Not publicly known and not generally known in the trade or business of the person asserting that it is a trade secret;
- Not easily ascertained from publicly available information;
- Is the subject of reasonable efforts to maintain its secrecy;
- Has significant economic value.

In large part, the aim of trade secret law—both federal and state—is to provide remedies for “misappropriation.” In Alabama, a person is liable for misappropriation if they disclose or use the trade secret of another, without a privilege to do so, if any of the following elements are present (AL Code 8-27-3):

1. That person discovered the trade secret by improper means;
2. That person's disclosure or use constitutes a breach of confidence reposed in that person by the other
3. That person learned the trade secret from a third person, and knew or should have known that (i) the information was a trade secret and (ii) that the trade secret had been appropriated under circumstances which violate the provisions of (1) or (2), above; or

4. That person learned of the information and knew or should have known that it was a trade secret and that its disclosure was made to that person by mistake.

Under Alabama trade secret law, “an action for misappropriation must be brought within two years after the misappropriation is discovered or by the exercise of reasonable diligence should have been discovered.” AL Code 8-27-5 (9)

This guide is not designed to take the place of a qualified attorney. The Alabama Small Business Development Center Network does not provide legal advice or services. If you decide to pursue intellectual property protection for your trade secret, we strongly advise you to seek out an experienced IP attorney to assist you in your efforts.

Key Terms

Misappropriation—In Alabama, “a person who discloses or uses the trade secret of another, without a privilege to do so,” may be liable to the other for misappropriation of the trade secret.

Non-Disclosure Agreement—A non-disclosure agreement (NDA) is an agreement in contract law that certain information will remain confidential. As such, an NDA binds a person who has signed it and prevents them from discussing any information included in the contract with any non-authorized party. (See Appendix for sample NDA)

Reverse Engineer—To disassemble and examine or analyze in detail (a product or device) to discover the concepts involved in manufacture usually in order to produce something similar. Reverse engineering is generally legal. In trade secret law, similar to independent developing, reverse engineering is considered an allowed method to discover a trade secret.

Trade Secret—A trade secret is a form of intellectual property. It is any practice or process of a company that is generally not known outside of the company. Due to growing litigation surrounding trade secrets, the exact definition continues to evolve.

Sources

- 1) Farkas, Brian. *Trade Secrets Basics FAQ*, www.nolo.com. Frankenfield, Jake. *Trade Secret*, 1/5/21 www.investopedia.com/, 1/5/21.
- 2) Kasdan, Smith, Daniels “Trade Secrets: What You Need to Know.” *The National Law Review*, Volume IX, Number 346.
- 3) Uniform Trade Secrets Act with 1985 Amendments.
- 4) McManus, Melanie Radzicki. “10 Trade Secrets We Wish We Knew.”, <https://money.howstuffworks.com/10-trade-secrets.htm>.
- 5) Ibid, *Trade Secrets Basics FAQ*, North Carolina SBTDC IP Guide 2019.
- 6) World Intellectual Property Organization-WIPO <https://www.wipo.int/portal/en/index.html>.
- 7) *Trade Secrets Basics FAQ*.
- 8) World Intellectual Property Organization-WIPO.
- 9) Raleigh, Richard. *Defending Your Trade Secrets: The New Federal Trade Secrets Act*, 2022. <https://wilmerandlee.com>.

For help with understanding the IP process—and other assistance for your small business—contact the Alabama Small Business Development Center Network at www.asbdc.org.



Licensing

Any form of intellectual property (IP)—patents, copyrights, trademarks, trade secrets—can be licensed to third parties. Through licensing, an IP owner grants third parties the right to use their IP, while retaining their ownership. Usually, the IP owner (the licensor) receives payment in some form (royalties) for granting another person (the licensee) the right to use their IP. In practical terms, IP licensing is the leasing of intellectual property for a fee. (1)

What is a Royalty?

A sum of money paid to a patentee for the use of a patent or to an author or composer for each copy of a book sold or for each public performance of a work.

There are three basic forms of IP license:

Exclusive License—this provides the licensee the exclusive right to use the IP and even excludes the IP owner from using the IP while an agreement is in place.

Sole License—this allows the IP owner to continue to use the IP and bars the owner from granting others the right of use while an agreement is in place.

Non-Exclusive License—grants others the right to use the IP without restricting the IP owner from using the IP or granting that right to others. (2)

Licensing is a method by which an intellectual property owner can unlock the value of their IP—without incurring ongoing financial or time costs. Licensing advantages include:

- **Less Risk**—Rather than reinvent the wheel, you can allow someone already established in the market to utilize the IP.

- **Faster to Market**—The licensee of your IP may have greater resources and expertise, thus quickening market utilization.
- **Royalty Streams**—Increased revenue without the associated costs of introducing the IP to the market.

There can also be disadvantages to licensing. Consider these:

- **Less profits**—Royalties will be a part of your licensing agreement. However, if the IP is highly successful, you will likely have missed out on a larger available income stream than if you had taken on the effort yourself.
- **Loss of Control**—The licensee may not be competent. This could damage your reputation and result in lower—or no—royalties. This possibility can be mitigated by thorough due diligence prior to executing the licensing agreement. (3)

Assignment or Licensing?

Another option for tapping income from your IP is assignment. Assignment means a transfer by a party of all or part of its right, title, and interest in a patent, patent application, registered mark, or a mark for which an application to register has been filed. By assigning your IP, you grant an irrevocable right to the IP forever. Payments for an assignment can be in the form of a lump sum which can sometimes be for a larger amount than a license fee. Royalties can also be part of the agreement. (4)

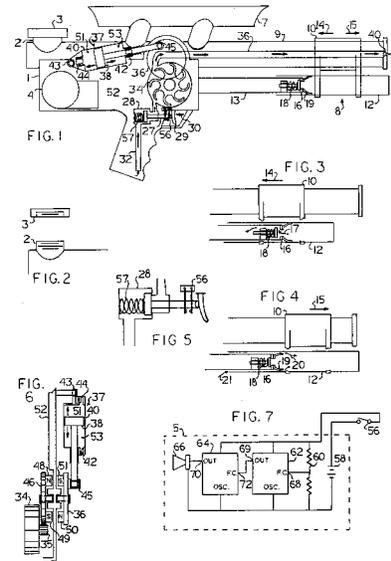
A License for Fun

On May 27, 1986, Mobile, Alabama native Lonnie Johnson was granted United States Patent 4,591,071. His invention was titled Squirt Gun. Shortly after the patent approval process was completed, Johnson—a nuclear engineer and former NASA engineer—formed his own engineering firm and licensed his invention. The simply named invention—remodeled and rebranded as the Super Soaker—would quickly generate over \$200 million in sales. Shortly thereafter, large toy maker Hasbro would acquire the rights to the product. Sales for the Super Soaker would go on to top one billion dollars. As of today, Lonnie Johnson has been awarded over 250 patents, is a member of the National Inventors Hall of Fame and has brought much joy to children’s parties for over thirty years.

Sources: National Inventors Hall of Fame, USPTO, Wikipedia.



U.S. Patent May 27, 1986 4,591,071



What Constitutes a Licensing Agreement?

A licensing agreement is a legal, written document in which the intellectual property owner gives permission to another party to use their brand, patent, trademark or trade secret. Being a contract, the agreement is required to have the basic components of a contract—such as consideration and a meeting of the minds.

Beyond the contract basics, there can be many components to an agreement. Components will depend on what is being licensed, what the intended market for the IP is and the financial goals of the two parties. Some agreements can have dozens of sections and others not so many. Regardless of the specifics of the IP and the parties, a well-crafted agreement should contain certain essential parts:

- Specific Rights Granted
- Term of the Grant
- Consideration in Exchange for the Grant
- Records and Reporting
- How Will Infringement Issues be Handled
- Tort Liability Issues

In summary, the holder of the intellectual property should focus on price, exclusivity and the rights being granted.

This guide is not designed to take the place of a qualified attorney. The Alabama Small Business Development Center Network does not provide legal advice or services. If you decide to pursue a licensing agreement for your intellectual property, we strongly advise you to seek out an experienced IP attorney to assist you in your efforts.

Sources

- 1) *IP 101: The Fundamentals of IP Licensing*, Michelson Institute for Intellectual Property, Blog, 4/29/20.
- 2) Ibid.
- 3) North Carolina SBTDC IP Guide, 2019.
- 4) United States Patent and Trademark Office.
- 5) www.upcounsel.com/licensing-agreement, *The ABCs of Licensing Intellectual Property*, <https://www.nutter.com/ip-law-bulletin/the-abcs-of-licensing-intellectual-property>, 4/1/10.



For help with understanding the IP process—and other assistance for your small business—contact the Alabama Small Business Development Center Network at www.asbdc.org.



Useful Links Regarding Intellectual Property

United States Patent and Trademark Office (USPTO)

<https://www.uspto.gov/>

United States Copyright Office

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

World Intellectual Property Organization

<https://www.wipo.int/portal/en/index.html>

Alabama Secretary of State

<https://www.sos.alabama.gov/>

Alabama State Bar

<https://www.alabar.org/>

American Intellectual Property Law Association

<https://www.aipla.org/>

Appendix

NON-DISCLOSURE AGREEMENT

This is an agreement ("Agreement"), effective _____, between _____, a _____ corporation ("Discloser"), and _____ ("Recipient"), in which Discloser agrees to disclose, and Recipient agrees to receive, certain trade secrets of the Discloser on the following terms and conditions:

- Trade Secrets:** Recipient understands and acknowledges that Discloser's trade secrets consist of information and materials that are valuable and not generally known by Discloser's competitors. Discloser's trade secrets include:
 - Any and all information concerning Discloser's current, future and proposed products and services, including, but not limited to, unpublished computer code (both source code and object code), contents of web sites, drawings, specifications, notebook entries, technical notes and graphs, computer printouts, technical memoranda and correspondence, financial analysis, business plans and business strategies.
 - Information and materials related to Discloser's purchasing, accounting and marketing, including, but not limited to, marketing plans, sales data, unpublished promotional material, cost and pricing information and customer lists.
 - Information of the type described above which Discloser obtained from another party, and which Discloser treats as confidential, whether or not owned or developed by Discloser.
- Purpose of Disclosure:** Recipient shall make use of Discloser's trade secrets only for the purpose of evaluating Discloser's products and business plans for furthering the parties' business relationship.
- Nondisclosure:** In consideration of Discloser's disclosure of its trade secrets to Recipient, Recipient agrees that it will treat Discloser's trade secrets with the same degree of care and safeguards that it takes with its own trade secrets, but in no event less than a reasonable degree of care. Recipient agrees, that without Discloser's prior written consent, Recipient will not:
 - disclose Discloser's trade secrets to any third party;
 - make or permit to be made copies or other reproductions of Discloser's trade secrets; or
 - make any commercial use of the trade secrets.Recipient will not disclose Discloser's trade secrets to Recipient's employees, business colleagues, agents and consultants, unless (1) they need to know the information in connection with their employment or consultant duties; and (2) they personally agree in writing to be bound by the terms of this Agreement.
- Return of Materials:** Upon Discloser's request, Recipient shall promptly (within 30 days) return all original materials provided by Discloser and any copies, notes or other documents in Recipient's possession pertaining to Discloser's trade secrets.
- Exclusions:** This agreement does not apply to any information which:
 - was in Recipient's possession or was known to Recipient, without an obligation to keep it confidential, before such information was disclosed to Recipient by Discloser;
 - is or becomes public knowledge through a source other than Recipient, and through no fault of Recipient;
 - is independently developed by or for Recipient;
 - is or becomes lawfully available to Recipient from a source other than Discloser; or
 - is disclosed by Recipient with Discloser's prior written approval.
- Term:** This Agreement and Recipient's duty to hold Discloser's trade secrets in confidence shall remain in effect until the above-described trade secrets are no longer trade secrets or until Discloser sends Recipient written notice releasing Recipient from this Agreement, whichever occurs first.
- No Rights Granted:** Recipient understands and agrees that this Agreement does not constitute a grant or an intention or commitment to grant any right, title or interest in Discloser's trade secrets to Recipient.
- Warranty:** Discloser warrants that it has the right to make the disclosure under this Agreement. NO OTHER WARRANTIES ARE MADE BY DISCLOSER UNDER THIS AGREEMENT. ANY INFORMATION DISCLOSED UNDER THIS AGREEMENT IS PROVIDED "AS-IS."
- Injunctive Relief:** Recipient recognizes and acknowledges that any breach or threatened breach of this Agreement by Recipient may cause Discloser irreparable harm for which monetary damages may be inadequate. Recipient agrees, therefore, that Discloser shall be entitled to an injunction to restrain Recipient from such breach or threatened breach. Nothing in this agreement shall be construed as preventing Discloser from pursuing any remedy at law or in equity for any breach or threatened breach of this agreement.
- Attorney Fees:** In any legal action arises relating to this Agreement, the prevailing party shall be entitled to recover all court costs, expenses and reasonable attorney fees.
- Modifications:** All additions and modifications to the Agreement must be made in writing and must be signed by both parties.
- No Agency:** This Agreement does not create any agency or partnership relationship between the parties.
- Applicable Law:** This Agreement is made under, and shall be construed to, the laws of the State of _____.

Discloser:

Recipient:

(date) (typed or printed name) (date)

(signature) (signature)

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Alabama Small Business Development Center Network

The Alabama Small Business Development Center (SBDC) Network is a statewide program—hosted by The University of Alabama—which provides no-cost management and technical assistance to small businesses in Alabama. Professional business advisors are available in ten Small Business Development Centers located across the state.

Alabama SBDC member institutions are Alabama State University, Auburn University, Jacksonville State University, Troy University, University of Alabama, University of Alabama in Huntsville, University of North Alabama, and University of West Alabama. To find the SBDC office nearest to you, go to www.asbdc.org.

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“Just excellent. Every detail is thought out and it really helps a young business owner like myself get a grasp of how my business needs to operate.”

SBDC Client

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