



IP law considerations

Aspects for small and medium enterprises

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Intellectual property (IP) is the heart of any high-tech company. Many small and medium-sized enterprises (SMEs) have innovative technology that has the potential to be very valuable. Unfortunately, SMEs often find competing with or building alliances with large enterprises prolific with IP protection difficult such that profitable development and commercialization of the technology is nearly impossible.

A comprehensive IP portfolio may be used as a tool for effectively competing with or building associations with large enterprises in a profitable manner. An IP portfolio may be used to:

- Prevent others from copying or imitating a company's technology, products and services;
- Prevent wasteful research and development, e.g., technology that can not be protected by IP laws or can not be practiced without obtaining costly licenses or assignments;
- Create brand loyalty and recognition;
- Negotiate license agreements and business associations;
- Obtain financing; and
- Increase the overall value of the company.

Valid and enforceable IP rights

In order to be effective, however, the technology covered by the IP portfolio must confer rights that are legally recognized and enforceable in a court of law. Therefore, it is imperative to work with an experienced patent attorney who understands the commercial and business implications of the technology. Time and money spent on creating and maintaining a comprehensive IP portfolio should be viewed as an investment.

There are different forms of IP protection available, including patents, trademarks, copyrights, and trade secrets. All the different forms of IP protection should be considered for each IP asset of a company.

Patents: A patent may protect a new product, such as a compound or composition, as well as methods of making the product and methods of using the product, for a limited amount of time. Once the limited period of monopoly ends, the technology covered by the patent is usually dedicated to the public.

Trademarks: A trademark indicates a single source for the goods or services covered by the trademark. If used successfully in a marketing campaign, a trademark will help increase brand recognition and brand loyalty. It should be noted that the life of a trademark may extend beyond the life of a patent.

Trade secrets: Since many countries do not allow patent protection for IP assets, such as know-how, trade secret protection may be more desirable. One should note that a trade secret may last so long as the trade secret does not become

public. Therefore, a trade secret may extend beyond the life of a patent.

Copyrights: Advertising and marketing material for products and services may be protected by copyrights and trademarks. One should note that copyright and trademark registration is usually less expensive than obtaining and maintaining patent protection.

Geographical areas for IP protection

There are different avenues for obtaining IP protection in each country. Generally, one may seek IP protection in a country directly. For example, in the case of patents, an inventor or assignee may apply for protection in the country of citizenship. Alternatively, one may file an international patent application under the Patent Cooperation Treaty (PCT application) and then file national phase applications in member countries based on the PCT application. Likewise, for trademarks, one may file for protection directly in the country where the trademark is being used. Alternatively, one may pursue trademark protection via the Madrid Protocol.

One should discuss the desirable geographical areas for IP protection and the best avenues for obtaining such IP protection that are most compatible with the company's strategies and alliances.

IP management

For many enterprises, including large enterprises, poor management of a company's IP portfolio results in an enormous waste of time, resources, and money. SMEs can not afford such waste. Therefore, effective management of an SME's IP portfolio is a necessity.

Effective IP management includes protecting a company's technology, trademarks, designs, and copyrights, as well as commercializing the technology, maintaining contractual agreements and business associations involving the IP, and monitoring and enforcing the company's IP rights.

Some key first steps for effective IP management include:

- Identifying the company's IP assets that may be protected;
- Identifying the forms of IP protection, e.g., patents, trademarks, or copyrights, that may be used to protect each IP asset;

- Noting the pros and cons of the forms of IP protection and the type of protection conferred;
- Identifying the geographical areas IP protection should be sought;
- Pursue the most suitable and effective IP protection available;
- Obtaining agreements with employees/inventors that mandate that IP created by employees/inventors be assigned to the company;
- Implementing protocols for submission of ideas and invention disclosures to the company; and
- Implementing procedures for obtaining IP rights and working with outside IP counsel.

IP rights of others

Since most SMEs cannot afford expensive IP infringement lawsuits, it is important to understand the IP rights of others, as well as, one's own IP rights. In order to understand the scope of IP rights, legal opinions by IP counsel should be obtained. IP counsel rendering the legal opinions should have significant experience in the given technology. The IP counsel should have significant experience with the form of IP protection and be registered to practice such in the given geographical area. It is also preferred that the IP counsel is outside counsel, rather than in-house counsel (a company attorney), such that the opinion may enjoy a greater degree of objectivity and credibility.

Before investing valuable time and money in a given technology or pursuing a proposed activity, such as research and development, licensing, and forming collaborations, one or more of the following legal opinions should be obtained:

Patentability opinions analyze whether a given invention is patentable in view of the prior art, which is information that is publicly known and includes patents, published patent applications, journal articles, and the like. This type of opinion should be obtained for determining whether patent protection is possible and economically feasible.

Freedom-to-operate opinions examine whether a proposed activity would be free of the IP rights of others. One should note that in some countries, such as the United States, a patent does not confer the right to practice, but only grants the right to exclude others. Thus, in these countries, having a patent nei-

ther prevents nor protects one from patent infringement. This type of opinion should be obtained before engaging in a certain activity, such as making products and importing them into the United States.

Validity and invalidity opinions examine whether certain IP rights are valid or invalid, and therefore enforceable or unenforceable in given geographical areas, such as the United States. For example, a validity opinion should be obtained to determine whether one should obtain the patent rights of another, i.e., obtain the rights to make and use the patented technology by becoming an assignee or licensee of the patent. An invalidity opinion should be obtained to determine whether a company would still like to proceed with a proposed activity that would likely infringe the IP rights of another.

Non-infringement and infringement opinions analyze whether a certain activity would likely infringe certain IP rights, such as the claims of a given patent. In order to determine whether to engage in an activity, one should obtain a non-infringement opinion that evaluates whether or not the proposed activity would infringe the IP rights of another. In order to determine whether to sue another for infringing one's own IP rights, one should obtain an infringement opinion.

It should be noted that a proposed activity may fall within the scope of IP rights of another, but the claim may be invalid and/or unenforceable. Thus, an invalidity opinion is often combined with a freedom-to-operate opinion or non-infringement opinion.

Because intellectual property is the heart of any high tech company, before significant time and money is invested in the development and maintenance of IP rights, SMEs should seek the advice and counsel of an IP attorney – not doing so can result in the loss of time, money, and valuable IP rights.

Notes: The information provided herein does not constitute legal advice and must not be used as a substitute for the counsel and services that you may require from an attorney.

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