

New Media: An Essential Primer

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Intellectual property ("IP") law enables the developers of ideas, inventions, designs, artistic and literary works, and information to prevent others from appropriating them without permission, and therefore makes it possible for the developer to benefit commercially from his creativity.

There are five general legal categories of IP: patents, copyrights, trademarks, trade secrets, and *sui generis*.

Patents cover useful, novel, and non-obvious inventions, for a limited term of protection. As long as the invention meets certain basic criteria, there are few limitations on patentable subject matter. Patentable inventions are protected exclusively by federal law. The scope of patent protection encompasses innocent or intentional making, using, or selling of the patented subject matter, or equivalents thereof, or the importation of products made by an infringing process.

Copyrights arise upon creation of artistic and literary works and endure for a limited term. They protect the form of expression only, and not ideas or functional aspects of the work. Copyright protection encompasses the rights of reproduction, derivative work preparation, distribution, public performance, and public display. Infringement requires copying (not merely innocent recreation) and substantial similarity that is not *de minimus* or a "fair use." Computer software and screen displays may be protected under copyright law under the theory that the function performed by the software may be expressed in various manners, and therefore the particular mode of expression selected by the programmer constitutes an act of authorship. Since software is both functional and expressive, aspects may be protected by patent or copy-right.

Trademarks cover the right of a commercial entity to publicly represent itself by way of an exclusive distinctive mark. In addition to a federal registration system, state and common law schemes exist and can be enforced in both federal and state courts. The trademark system protects not only the mark holder but also the public from the likelihood of confusion. Protection of the mark to indicate source or origin may be of an indefinite term, so long as the mark continues in use without abandonment. A related form of protection is antidilution protection, which protects famous marks from dilution or blurring, even in the absence of direct competition.

Trade secrets encompass commercially valuable information that is kept secret from the public using reasonable steps, and that cannot be derived from publicly available sources. Trade secrets are protected by state law, and misappropriation may be a criminal offense. Trade secrets need not be patentable, and the mere selection from known elements may constitute a trade secret. Infringement of trade Secrets requires proof of wrongful access, misuse of the trade Secret, and proof that the information has been held as a secret. Trade secret and patent protection are often mutually inconsistent, due to the requirement of disclosure of best mode and an enabling embodiment to obtain a patent. Unpublished pending patent applications may remain trade secret, thus maintaining a lead over competition.

Specific forms of intellectual endeavor may be protected *sui generis* regardless of other protections. Examples of *sui generis* protection are semiconductor masks, the protection of databases in Europe, and the proposed statutory protection of databases in the U.S.

Companies involved in new media and electronic commerce often must consider each of these forms of IP (with respect to both technology and content), both from a protection and an infringement standpoint. For example, a company which develops a new Internet-based product will have created or employed IP in the process. Newly created IP should be considered for protection. However, these same elements should also be analyzed for infringement of the rights of others, and appropriate licenses should be obtained.

Since it is impossible to protect every "shred" of newly created IP or eliminate all risk of claims of infringement, a risk analysis must be performed and major consideration given to mission-critical elements for which there are no acceptable substitutes. While optional or non-critical elements may also be subject to protection and infringement, their substitutability will often simplify the risk analysis.

The evaluation of infringement risks is best performed by attorneys specializing in IP. Those risks then must be

balanced against business considerations in formulating a plan to develop and implement the proposed project. The opinion defining risks is best rendered in the abstract by attorneys specializing in IP, while the plan dealing with these risks must also consider costs, revenues, indemnifications, availability of insurance, market opportunity, value, and potential adversaries. Care should be exercised not to confuse or taint the process of rendering a legal opinion on infringement risks with the process of subsequently applying it. The former is a pure legal exercise, the latter involves business decision making. It often may be advisable to separate these functions between IP counsel and corporate counsel.

Corporate counsel should play a critical role in IP evaluation. Typically, corporate counsel is well versed in major technologies as well as the details of the project and the overall business strategy of the client. On the other hand, IP attorneys often are "consultants" to the decision making group, and may not be involved in day-to-day business decisions. Corporate counsel therefore both acts as liaison, providing information and access where necessary while controlling the scope and focus of the evaluation, and serves as an intended recipient of the information. This in turn allows IP counsel to direct its opinion to an informed recipient, thus eliminating unnecessary background information and allowing a high level analysis, leading to increased efficiency and lower costs per evaluation. Corporate counsel, by selectively filtering requests for information, can tailor the scope and focus of the legal inquiry as desired to answer the fundamental questions. Corporate counsel is therefore in an ideal position to synthesize the myriad of legal and business considerations its clients may face in employing IP in business.

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