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## **BRIEFING ON INFORMATION TECHNOLOGY LAW**

PROTECTING YOUR COMPANY'S INTELLECTUAL PROPERTY: COPYRIGHTS AND PATENTS  
Part One of a Three Part Series<sup>1</sup>

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### **I. INTRODUCTION**

The laws which cover Trademarks, Copyrights, Patents and Trade Secrets collectively protect what is referred to as "intellectual property". For a business, this may include product brand names, advertising copy, invented products and customer lists. The first newsletter in this series examined Trademarks - the words, slogans and logos that identify the source of products sold, or the services rendered, by a business. Part Two of this series examines Copyright Law and Patent Law in a continuing effort to provide an overview of intellectual property law for the business manager.

### **II. COPYRIGHT FUNDAMENTALS**

#### **A. *What is a Copyright?***

A copyright is not a single right. Rather, it is a "bundle" of rights which are exclusively granted to the author of a "work". Generally, a copyright protects the original works of an author by granting the author, among other rights, the exclusive right to reproduce and to distribute the

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<sup>1</sup>Part1 of this series dealt with Trademarks.. Part Three of the series will deal with Trade Secrets.

copyrighted material. Specifically, federal law, through The Copyright Act of 1976, grants the holder of a copyright the exclusive right to do the following:

- To reproduce the copyrighted work in copies or phonorecords;
- To prepare derivative works based upon the copyrighted work;
- To distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- To perform the copyrighted work publicly, in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works; and
- To display the copyrighted work publicly, in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work; and in the case of sound recordings, to perform the work publicly by means of a digital audio transmission.

Accordingly, this “bundle” of rights includes not just the right to copy the work - or to “reproduce” it - but also the right to distribute, sell or lease the work, to display the work or to perform it publicly. As well, the holder of the copyright has the exclusive right to prepare derivative works - works which are based on the copyrighted material.

### ***B. What Can Be Protected by Copyright?***

Copyright protection extends to any “original work of authorship” that is “fixed in a tangible medium of expression”. The term “work of authorship” includes books, jewelry designs, sculpture, songs, music, computer programs and similar creations. Specifically, The Copyright Act lists the following categories of works as protectable:

- literary works;
- musical works, including any accompanying words;
- dramatic works, including any accompanying music;
- pantomimes and choreographic works;
- pictorial, graphic, and sculptural works;
- motion pictures and other audiovisual works;
- sound recordings; and
- architectural works.

These categories should be regarded broadly. For example, computer programs may be registered as “literary works” and maps may be registered as “pictorial, graphic, and sculptural works”. Copyrightable subject matter has also included fabric designs, photographs, and financial research reports.

In addition to falling within one of the above enumerated categories, a work must meet two additional requirements in order to qualify for copyright protection. First, the work must be “original”. Second, the work must be in “fixed” form.

### ***1. The “Originality” Requirement***

The threshold of originality required for copyright eligibility is relatively low. The work must merely be the author’s own product. In short, to be “original”, the work must owe its origin to the author. The work must, however, contain a sufficient measure of independent human effort. The work cannot be the result of copying. Further, the amount of time spent preparing the work is irrelevant if the work lacks originality. For example, certain collections of factual data, such as the “white pages” in a telephone directory, do not contain the necessary degree of originality to be eligible for copyright protection. Creativity, in some minimal form, is necessary. However, the standard for “originality” does not require that the work be novel, ingenious, or possess aesthetic merit.

### ***2. The “Fixation” Requirement***

In addition to being “original”, the work must be “fixed” in a tangible medium of expression. The term “fixed” means memorialized in some fashion such as written or recorded. The medium of expression can be words, numbers, notes, sounds, pictures or any other symbolic indicia. Moreover, the medium can be embodied in written, printed, photographic, sculptural, magnetic or other form and be either capable of perception directly or capable of perception through means of a machine. Works that are expressed but have not been fixed in a tangible form, such as an unrecorded speech or an untaped live broadcast, are not capable of protection.

### ***C. What Is Not Eligible for Copyright Protection?***

Certain categories of material are generally not eligible for copyright protection. As noted, above, a work which is not original or a work which has not been fixed in a tangible form is not protectable under copyright law. Similarly unprotectable are: titles, names, or slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering, or coloring; mere listings of ingredients or contents; works consisting entirely of information that is common property and contains no original authorship, such as

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Some compilations may be protectable if they contain the requisite degree of originality in selection, coordination or arrangement. For example, one federal court of appeals held that a business directory was copyrightable where the creator had excluded certain businesses from the listings based upon assessments of the companies’ longevity and arranged the listing into categories designed to appeal specifically to the Chinese-American community. However, another federal court of appeals found yellow pages listing not to be copyrightable despite certain acts of creative selection involved in structuring the listings.

standard calendars, charts, and lists taken from public documents or other common sources.

Perhaps most importantly, copyright protects the expression of an idea, *but not the idea itself*. For example, one could not copy John Steinbeck's novel The Grapes of Wrath without infringing the copyright on that work. One could, however, use the general idea embodied in the novel and write a story about a family moving to the west coast during the Great Depression without infringing on the copyright which protects the work.

In sum, a copyright holder does not have a monopoly over an idea. In fact, ideas, procedures, methods, systems, processes, concepts, principles, and discoveries are all excluded from copyright protection. In this vein, courts have excluded from protection ideas for television programs, novels, books and plays; systems of bookkeeping, shorthand, and selling a product; and plans for marketing research.

#### ***D. How Are Copyright Interests Acquired?***

Copyright protection arises automatically once the work of an author is fixed in tangible form. There is no need to register a work in order to protect it. However, registration is required in order to enforce these rights through initiation of an infringement action in court. As well, there are certain additional benefits which accrue upon registration.

#### ***E. Registration of Copyrights***

The registration process entails completion of the appropriate application for the type of work and filing a copy of the work and a \$20.00 filing fee with the Copyright Office in Washington, D.C. A registration may be made at any time within the life of the copyright, but it should be made as quickly as possible after the original work is created in order to ensure the widest range of the statutory protections.

#### ***F. Benefits of Copyright Registration***

Specifically, if registered with the Copyright Office in the Library of Congress, certain specific rights are afforded the copyright holder, including the following:

- Registration establishes a public record of the copyright claim;
- Before an infringement suit may be filed in court, registration is necessary;
- If made before or within 5 years of publication, registration will establish prima facie evidence in court of the validity of the copyright and of the facts stated in the certificate;

1. If registration is made within 3 months after publication of the work or prior to an infringement of the work, statutory damages and attorney's fees will be available to the copyright owner in

court actions. Otherwise, only an award of actual damages and profits is available to the copyright owner; and

2. Registration allows the owner of the copyright to record the registration with the U.S. Customs Service for protection against the importation of infringing copies.

### ***G. Who Owns a Copyright?***

In short, the author who created the work holds the copyright interest. However, who is defined as the author may depend upon the circumstances.

#### ***1. Jointly Created Works***

The authors of a jointly created work are co-owners of the copyright in the work unless there is an agreement to the contrary. However, in determining whether a work is a joint work, each author must have an intent at the time of creation that the work be merged into inseparable or interdependent parts of a single work.

#### ***2. Work For Hire***

In the case of works referred to as “made for hire”, the employer and not the employee is considered to be the author. A work is “made for hire” if it was either a work prepared by an employee within the scope of his or her employment or it is one of several specifically enumerated commissioned works prepared by an independent contractor under certain conditions.

##### ***a. Employee Made Works***

If a work was prepared by an employee within the scope of his employment and there is no agreement to the contrary, a work is deemed to be one made for hire. If considered a work for hire, the author for purposes of copyright law is the employer, not the employee. What constitutes an “employee” is defined by the law of Agency and often requires particular factual analysis, but from a practical point of view. If an individual is an employee in the commonly understood sense of the word, he is most likely an employee, and not an independent contractor, under copyright law.

It is important to remember that in order for such works to belong to the employer, the actual creator of the work must both be an employee and have created the work within the scope of his

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For example, one of the factors considered in making this analysis under the law, and one which is accorded great weight, is whether the employer withholds taxes and provides benefits to the purported employee. The withholding of taxes and the extension of benefits are strong indicia that an individual is an employee and not an independent contractor.

employment. Such an analysis requires specific examination of the facts and analysis of the applicable law. Needless to say, not all works created by an employee will belong to the employer.

### ***b. Non-Employee Commissioned Works***

Certain types of works authored by non-employees (independent contractors) may also be deemed to be the property of the person who hires the independent contractor. In order to be designated a “work for hire”, the specially ordered or commissioned work must fall into one of the following nine categories:

1. for use as a contribution to a collective work;
2. for use as a part of a motion picture or other audiovisual work;
3. translations;
4. supplementary works (e.g. forwards, prefaces, illustrations);
5. compilations;
6. instructional texts;
7. tests;
8. answer material for tests; or
9. atlases.

In addition to falling within one of these nine categories, the parties must also expressly agree in a written instrument signed by both the parties that the work is to be considered one made for hire.

The nine enumerated categories are rather restrictive and, in most cases, represent subject matter with which the majority of businesses will not typically deal. It is, accordingly, important to remember that works created by independent contractors which are of a type other than those listed among these nine categories will not qualify as a work for hire regardless of the intent of the parties. Initial ownership of works which fall outside these nine categories will vest in the independent contractor who creates it rather than in the party who commissions it. In order for the copyright to be transferred to the hiring party, the independent contractor must assign the copyright in accordance with specific formalities.

This latter fact is of great significance to most businesses since independent contractors are frequently hired to perform any number of functions that involve copyright interests, from constructing an Internet Web Site to writing advertising copy. It is important that managers be familiar with the strictures imposed by copyright law in this regard in order to avoid possible later claims of copyright infringement by an independent contractor who was hired and paid to create a particular work.

### ***H. Providing Notice of Copyright***

A copyright notice need not be used under U.S. law, although it is often beneficial, such as to avoid claims of innocent infringement. The notice should contain the symbol ©, the word "Copyright" or the

abbreviation "Copr.", the year of first publication of the work, and the name of the copyright owner. A typical notice might read: © 1998 John Doe.

## ***I. Duration of Copyright Protection***

A work that is created and fixed in tangible form on or after January 1, 1978, is automatically protected from creation for a period enduring for the author's life plus 70 years. In the case of a work prepared by two or more authors who did not work for hire, the term lasts for 70 years after the last surviving author's death. For works made for hire, the duration of copyright will be 95 years from publication or 120 years from creation, whichever is shorter.

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## **III. PATENT LAW FUNDAMENTALS**

Broadly speaking, patents protect inventions. There are two main forms of patents granted by the United States Patent and Trademark Office: utility patents and design patents. A utility patent (sometimes referred to as a "functional patent" or "utilitarian patent") is granted to creators of new, useful, and non-obvious inventions and processes. A design patent is granted to creators of new, ornamental and non-obvious designs. Both forms of patent protection give the inventor the right to exclude others from making, using, offering for sale, or selling the invention in the United States or importing the invention into the United States. The patent does not give the owner the right to produce the invention, however, such manufacture or sale could infringe on an earlier granted patent.

### ***A. What Can Be Patented?***

#### ***1. Utility Patents***

A patent can be obtained by one who "invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof". Excluded from this definition are things such as naturally occurring products of nature and physical phenomenon. Such patents are often referred to as "utility patents" or "functional patents".

#### ***2. Design Patents***

Patents may also be issued for "any new, original and ornamental design for an article of manufacture". These are commonly referred to as "design patents". As opposed to a utility patent, the uniqueness for patentability of design does not relate to the item's structure, operation or function, but instead is found in its ornamental configuration and appearance. The design must, however, contain some

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For works created before January 1, 1978, the duration of protection is 67 years in all the enumerated categories.

A third type of patent is plant patents which protects asexual reproduction of new plants.

minimal level or ornamental originality. Design which is dictated by the function and utility of an item is not a proper subject for a design patent.

Design patents have been issued for the ornamental aspects of kitchen faucet designs, golf club heads and eyeglasses. In some instances, the three dimensional shape of an item may be subject to copyright protection (as a three dimensional work of art), or trademark protection (under “trade dress” which protects the non-functional design of certain shapes used as trademarks) as well as design patent protection.

### ***B. Test of Patentability***

The patentability of an item is determined by application of a three part test:

1. The invention must be “useful”;
2. The invention must be “novelty”; and
3. The invention must not be an “obvious” variation of what is already in prior art.

Meeting the first requirement of “usefulness” is generally not difficult. In order to be considered “useful”, the invention must merely be capable of being utilized to some use which is beneficial to society.

To meet the second requirement of “novelty”, the invention must be different in some manner from the prior-existing state of the art. The prior existing state of the art is commonly referred to as the “prior art”. “Prior art” is anything in use, on sale or otherwise known within the United States before the creation of the invention. “Prior art” is also anything described in patent or other printed publications in the United States or abroad either before the invention date or more than one year before the inventor’s filing of a patent application. Accordingly, if the inventor describes the invention in a printed publication, uses the invention publicly, or places it on sale, a patent must be applied for before the passage of one year or any rights to a patent will be lost.

The degree of difference an invention must have over prior art in order to meet the “novelty” requirement is relatively minimal. Essentially, the critical issue for “novelty” is whether a difference exists. The amount of difference required is addressed in the third prong of the test which deals with “non-obviousness”.

The “non-obviousness” requirements dictate that the invention be sufficiently different from prior art so that it does not appear as a natural or logical outgrowth, extension, application or combination of items or information within the prior art. Specifically, the relevant statutory language states that

[a] patent may not be obtained though the invention is not identically disclosed or described . . . [under the section dealing with “novelty”] . . .

if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

This third prong of the patentability test is perhaps the most complicated. The issue of whether an invention is not an obvious outgrowth of the prior art is somewhat of a subjective one, but in essence, this requirement mandates that some degree of unique inventive thought must go into an invention beyond the skill of an ordinary worker in the relevant field. For example, substitution of one material for another in an invention, or effecting changes in size, are ordinarily not patentable.

### ***C. Securing A Patent***

A patent is secured by filing an application with the United States Patent & Trademark Office. The application contains a written description of the invention, one or more drawings of the invention and one or more claims defining the particular inventive subject matter. Filing of the application should be preceded by a patent search which examines the relevant prior art in order to evaluate the patentability of the invention.

Once filed, the application is evaluated by an Examining Attorney at the Patent & Trademark Office. The Examining Attorney typically has a background or specific training in the relevant area of technology. The Examining Attorney examines the prior art and makes an evaluation as to whether the invention possesses sufficient utility, novelty and non-obviousness to pass the previously referenced three prong test.

### ***D. Duration of Protection***

Once granted, a utility patent protects an invention for a period of 20 years from the date of filing. A design patent protects an invention for a period of 14 years from the date of grant.

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## **IV. CONCLUSION**

Protecting the intellectual property of a business should be a primary concern of every commercial enterprise. Securing a company's rights through the use of Copyright law and Patent law is one method of ensuring that eligible material is afforded the maximum protection available under the law.

*Next Issue: Trade Secrets*

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### **About the Firm**

FRIEND, HUDAK & HARRIS, LLP concentrates its practice in the representation of information technology clients. The Firm's attorneys combine extensive experience in corporate/commercial law with mastery of computer/communications law and intellectual property. As a result, the Firm is uniquely suited to represent growing information technology companies across all areas of corporate, commercial and information technology law.