



Six Common Intellectual Property Mistakes

By Alicia Edwards, Todd Nelson, and Paul Rossler

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Intellectual property — in the form of trade secrets, patents, copyrights, and trademarks — is growing in importance and value. For example, a 2016 study by the United States Patent and Trademark Office (PTO) found that IP-intensive industries accounted for almost 30% of all employment and about 40% of total GDP.¹ Yet, many companies fail to secure or adequately protect their intellectual property because of confusion over what intellectual property is and how it is protected. Here are some common mistakes.

1. Not taking reasonable measures to protect trade secret information. A trade secret is any information that has some economic value but is not generally known. Trade secret protection protects against unauthorized use of this information by others. However, disclosing this information to others prior to their entering into a non-disclosure agreement (NDA) can strip the information of its trade secret protection.

2. Relying upon the NDA for all things. Oftentimes, a mutual NDA is entered into between two parties for the purpose of discussing a potential business relationship. When those confidential talks lead to an actual business relationship, that relationship is also assumed to be covered by the NDA. However, many NDAs are structured such that any subsequent relationship, like a manufacturing or development deal, will be covered by its own agreement. Therefore, the NDA simply does not cover this new business relationship, nor do the purchase orders and invoices the parties use in the relationship.

3. Selling or telling first, filing for patent protection second. A patent protects any new and not-obvious invention by excluding others from using, making, or selling the patented invention. For an invention to be considered new, the inventor must have invented it (as opposed to deriving it from someone else) and the invention cannot have been offered for sale or otherwise publicly disclosed more than one-year before filing for patent protection. European patent law is even more strict, allowing no sale or disclosure before filing. In some cases, the invention may be inadvertently offered for sale or disclosed -- perhaps by a sales engineer -- and too much time passes before any patent application is filed.

4. Product branding using a descriptive trademark. A trademark is any word or logo that identifies the source of a product or service. Trademark rights protect against others using “confusingly similar” words or logos in connection with similar products or services. However, not all trademarks protection is equal. If the word or logo has no real connection to the product,

then trademark protection is usually strong. (Think Apple computer, Starbucks coffee.) If the word or logo describes the product or service, then trademark protection is weak or non-existent because others may have to use those same words or images to describe the product.

5. Failing to register a copyright. Whereas trade secrets protect information, patents protect inventions, and trademarks protect brands, a copyright protects creative expression. As the name suggests, a copyright is the right to copy and authorize others to copy (or prevent others from copying). A copyright vests as soon as the creative expression is expressed, but timely registering the copyright with the United States Copyright Office grants additional rights. One of those additional rights is the right to “statutory damages,” as well as to collect attorneys’ fees, from infringers.

6. Failure to maintain patent or trademark rights. Patent rights can be lost if the owner of the patent does not pay maintenance fees to the PTO at the designated times. Similarly, trademark rights can be lost if the owner does not file the required documents with the PTO during the fifth year of registration or renew the registration every ten years. Trademark rights can also be lost if the owner stops using the mark in connection with the listed goods and services or makes significant changes to the mark.

Consulting with competent intellectual property counsel can help a company avoid these and other mistakes and protect its valuable intellectual property. Alicia Edwards, Todd Nelson, and Paul Rossler are all attorneys with the GableGotwals Intellectual Property Practice Group.

ⁱ See USPTO, *Intellectual Property and the U.S. Economy: 2016 Update*, available at <https://www.uspto.gov/sites/default/files/documents/IPandtheUSEconomySept2016.pdf> (accessed Nov. 6, 2017).



Alicia Edwards



Todd Nelson



Paul Rossler

1100 ONEOK Plaza * Tulsa, OK 74103 * 918-595-4800 * info@gablelaw.com

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