

WHAT ASPECTS OF INTELLECTUAL PROPERTY SHOULD ENTREPRENEURS CONSIDER WHEN STARTING A NEW BUSINESS OR EXPANDING AN ONGOING BUSINESS?

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Entrepreneurs know that starting a new business or expanding an ongoing business into new areas is the stuff that dreams are made of.

To keep those dreams alive, serious thought has to be given to protecting the business in all of the usual ways – a sales network is firmly in place, the lease is iron-clad, the business liability insurance is bound.

But it is easy to overlook certain intellectual property aspects, which are every bit as important and, indeed, may even be more important to the long-term success and protection of the business.

For example, one often overlooked area is the very name of the business. Before setting the name in stone, entrepreneurs should check to see if anyone else, potential competitor or otherwise, is already using the same or a confusingly similar name for like services or products.

If there is no conflict, then affirmative steps to preserve the right to use the name should be taken. Business or product names can be "reserved" with the United States Patent and Trademark Office ("PTO"), based upon the actual use of the name or mark or upon a bona fide intent to use the name in the future. If a business is gearing up for any substantial investment in a name or mark, this should be an essential step in the business plan. Taking such steps is really an attempt to preserve a "negative" right. Reserving a trade name or service mark for a business or marketable products is similar to owning real estate. Ownership of that parcel gives someone the right to use and enjoy the property as he or she sees fit. More importantly, it gives the owner the right to keep others off of it – a negative right. So, too, with a valuable trademark, service mark or trade name.

Another often overlooked area is the protection of the very product or process that a business makes, uses or sells. If a product is unique enough to qualify, owners should consider an application for patent protection.

To qualify, a product or process must be new, useful and "not obvious to one skilled in the art." The real question usually comes down to whether or not the product or process is new and, if new, would it have been "obvious" to a person skilled in the art to which the product or process pertains?

Very often the business person's or lay person's view of patentability is different from that of the PTO examiner assigned to process the application. This is where the skill of a patent attorney, registered to practice before the PTO, comes into play. The patent attorney is trained to distinguish between inventions that are destined not to be patentable and those that are, based upon application of the patentability standard mentioned above. Perhaps more problematic for the business owner is the fact that this standard seems to vary somewhat more when a product or process comes under scrutiny by the courts. Often, the judge reviewing the question of patentability may be doing so for the first time. His or her view may be more like that of the lay person – which can be a good thing or a bad thing, depending upon the facts of each case. Entrepreneurs should seek competent advice from a registered patent attorney if they believe their product or process is, or could be, a valuable and protectable asset of their business.

Still another area to consider is the confidentiality of information that the new business will generate and use, which information employees will come into contact with on a daily basis. To protect this information and to keep it from competitors after people leave employment, have them acknowledge the confidential nature of the information that is provided to them.

Getting this acknowledgement in writing up front when they become employed is the best. This includes information regarding products, processes, customers, suppliers, services and also includes information relating to research, development, inventions, engineering, manufacture, marketing, purchasing, accounting, merchandising and selling. Some of that information may even rise to the level of a protectable trade secret, which will require even greater diligence to protect. Confidentiality is definitely an area where an "ounce of prevention is worth a pound of cure."

A business can be an entrepreneur's baby. By protecting and nurturing it, owners can reap the benefits of these early preventive measures long after it grows up.

If you have any questions regarding intellectual property, in general, or patents and trademarks, in particular, please contact Joseph S. Heino at (414) 225-1452 or jheino@dkattorneys.com

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