Do Not Overlook Your Business' Intellectual Assets

Alec Schibanoff

Whether you have a new way to create energy from nonhazardous waste, a mechanical process that makes your industrial plant more efficient, or a client list you've been developing for years, IT IS YOUR BUSINESS'S INTELLECTUAL ASSET AND IT NEEDS TO BE PROTECTED.

INTELLECTUAL PROPERTY (IP) PLAYS A VITAL ROLE in all industries, from manufacturing processes to commercial products, phones to pharmaceuticals and everything in between. And the waste management field is no exception—especially as more environmentally-friendly and more efficient means of waste disposal are invented.

In almost every business—even those that are thought of as relatively low-tech—the enterprise's intellectual assets are its most valuable resources. Intellectual assets consist of traditional intellectual property such as patents and trademarks plus the company's trade secrets, technology and know-how. As the waste collection and management business gets increasingly greener, emerging technologies will increase the share of a business's assets that are intellectual in nature.

One method for establishing the value of an asset—be it real estate, equipment or inventory—is to determine its replacement cost. Should a company's facility be swallowed by a sinkhole, destroyed by a tornado or washed away in a flood, replacing it with an equal—or even better—facility is merely a question of having sufficient insurance coverage. However, if a company's technology and know-how were lost—to a competitor, for example—that is a lost asset that is simply irreplaceable.

The Patent Office moved to new, consolidated facilities in Alexandra,VA in 2006.The two million square-foot facility consists of five office buildings and two parking garages. Images courtesy of General Patent Corp.

Toward Greener Intellectual Assets

In the November 2010 issue of *Waste Advantage Magazine*, the article, "Garbage to Gold" by Wesley Bolsen, described the derivation of cellulosic ethanol—a "clean burning advanced biofuel"—from renewable non-food sources such as municipal waste. The prospect of waste being used to fill gas tanks instead of landfills, and thus help reduce our nation's dependence on foreign oil while creating jobs for Americans, is an exciting one indeed. For that matter, so are other waste-to-energy technologies such as the solid oxide fuel cell, trash-to-steam and recovery of methane from landfills.

As gasoline heads to $5 a gallon, what is the federal government doing to actively encourage such multi-faceted and "green" solutions? One agency, the U.S. Patent and Trademark Office, has a program in place to help speed up the issuance of green patents in four categories, and renewable energy is at the top of the list.

Green Technology Pilot Program

In an effort to bring environmentally-friendly technologies to market faster, the Patent Office launched its Green Technology Pilot Program in December 2009. Filers of patent applications that qualify for the program can petition for accelerated patent examination, cutting the time for the examination process from its current average of three years to just under one year.

However, the Green Tech Pilot Program will only accept the first 3,000 petitions that qualify for accelerated examination, and as of April of this year, only 1,595 petitions had been accepted. To date, about 250 patents have been issued under the program. Although it was expanded in late 2010, the Green Tech program currently has a petition-filing deadline of December 31, 2011. Interested inventors and business owners can learn more at www.uspto.gov.

Protecting a Company's Intellectual Assets

As the waste management sector gets greener and greener, and new products, new services and new technologies are invented, protecting those intellectual assets becomes increasing more important—and

increasingly more challenging. Developing a new and innovative product or service, and excluding competitors from using the new technology, can give a company a significant and strategic competitive edge. Here is a quick rundown of the intellectual assets a company might want to protect.

• *Patent*: When one thinks of a patent, Thomas Edison's light bulb or Alexander Graham Bell's telephone comes to mind. A patent is a time-limited monopoly granted to an inventor by the federal government that gives the patent owner the right to exclude others from using the patented invention without permission of the patent owner. About 180,000 U.S. patents are issued each year, and a patent is valid for 20 years from the date of filing. For a business that has invented a new device or process, protecting that invention with a patent is an option that should be considered. But a patent comes with a quid-pro-quo—the inventor must publish the invention in exchange for the monopoly created by the patent.

• *Trade Secret*: The alternative to filing for a patent for a new technology is to essentially keep it secret. The downside of a patent is that the invention must be published. All patents are public documents that can be accessed by anyone. If the technology is kept as a trade secret, it is not published and, therefore, not made available to the public, but the legal protection afforded by the federal government in the form of a patent monopoly is lost. While filing for a patent is often the safe and prudent route, once the patent expires, anyone can use the technology. While a trade secret could potentially be used by the developer of a new technology forever, there is always the risk that a competitor might re-invent or reverse-engineer the technology. A clever competitor could purchase the product that uses the trade secret, disassemble it, duplicate the parts and components that make up the finished device, and build a clone of the original product. Without a patent, the inventor has no recourse and the competitive edge created by the trade secret would be lost forever.

From 1967 to 2006, the U.S. Patent and Trademark Office was headquartered in the Crystal City section of Arlington, VA. The agency eventually occupied space in 18 separate buildings.

• *Trademark*: While a patent protects the technology behind a product or service, a trademark protects the product's name or brand. Some of the most popular and effective trademarks are Coca-Cola, Diehard, Levi's and Windows. But it is not just consumer products that are trademarked. Many industrial products are also trademarked to create a unique identity for them. For example, Waste Management, Inc. filed for and received a trademark, "Port-O-Let", for its portable toilet. While it's not very glamorous and not a brand known to most consumers, the trademark has apparently served the company well.

• *Service Mark*: While a trademark protects the name or brand of a product,

a service mark does the same for services. American Express Company's "Don't leave home without it" is among the better known service marks. "Purple is the New Green" is a service mark of Greenstar Recycling, LLC, a Houston, TX-based recycling and waste treatment company. Trademarks and service marks continue in perpetuity as long as they are actively used by the owner.

To Patent (or Trademark) or Not to Patent (or Trademark)

That is indeed the question. Or questions. Filing for—or not filing for—a trademark or service mark is actually a fairly simple decision. It will cost a couple of thousand dollars to file a trademark application, and the only downside is if the U.S. Patent and Trademark Office turns down your application. Should you receive a trademark or service mark registration, you now have exclusive use of the mark in your field.

Filing for a patent versus keeping a new technology as a trade secret is a much more difficult decision. As a rule, products and devices should be patented, while a process or formula could be a candidate for trade secret if the process or formula cannot be easily reverse-engineered. While a product or device could be purchased by a competitor, disassembled, analyzed and reverse-engineered, the same may not be true of a process or formula that leaves no fingerprint. The challenging questions facing the company that has developed a new and unique process is "How difficult would it be for a competitor to reverse-engineer it?" and "How likely is it that a competitor might independently invent the process on its own?"

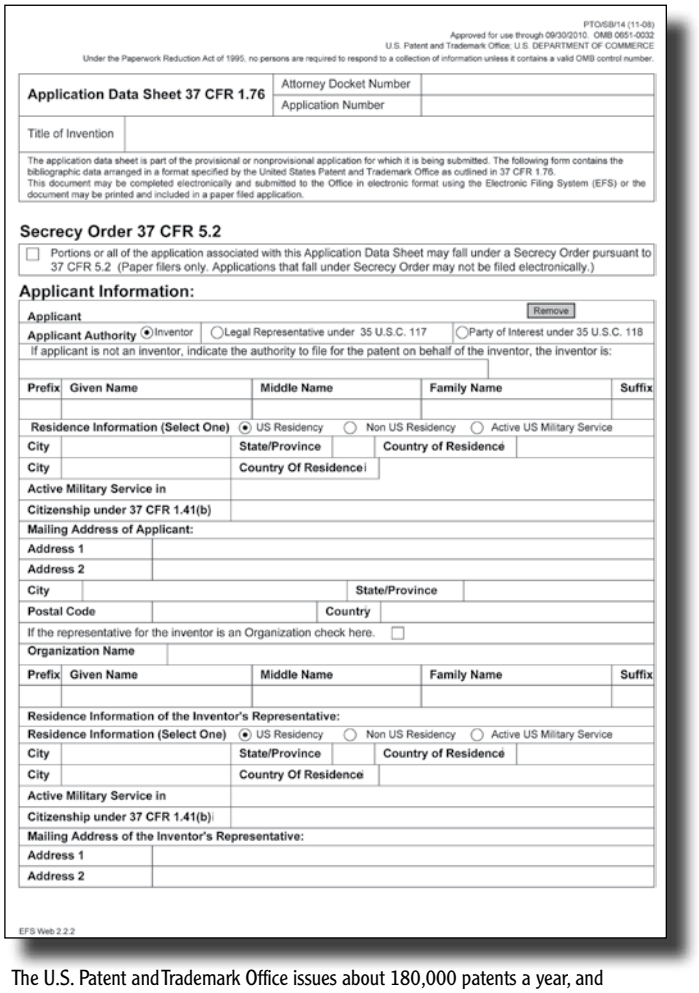
The most famous and longest-kept trade secret is the formula for Coca-Cola. Had the Coca-Cola Company decided to file for a patent for its formula, the patent would have expired 100 years ago, enabling any company to make a clone of the popular soft drink. Coca-Cola took a huge gamble, assuming that no one could duplicate its formula, and the bet paid off for them. The Coca-Cola formula is kept in a bank vault in Atlanta, and only a small handful of highly trusted employees have access to it. Legend has it that Coca-Cola purposely purchases ingredients it does not use in the drink to make it harder for a competitor to figure out the formula by analyzing the raw materials that Coca-Cola purchases.

Coca-Cola did, however, file for a trademark for their product's brand. Patents and trademarks are often confused with each other since a product can be patented and/or trademarked. The difference is that a product's technology might be patented, while it is the product's identification—for example, its designation or brand—that might be trademarked. Also, a trademark applies to a specific type of product, not any product or family of products that has that designation. The classic example is Cadillac, which is a registered trademark for both an automobile brand and a line of dog food. Filing for a patent and filing for a trademark are separate and unique decisions.

There are other types of intellectual assets, and not all of them can or should be patented. For example, employee know-how, confidential market data and client lists are forms of intellectual assets that cannot be patented, so they must be carefully guarded and protected.

Receiving a Patent

It will cost several thousand dollars in application and attorney fees to file a patent application. A company should engage the services of an experienced patent attorney to assist with the patent application process that is known as "patent prosecution." To qualify for a U.S. patent, an invention must be novel (it is a new product, device, process or formula that did not previously exist), it must be non-obvious (it is not a product, device, process or formula that a person knowledgeable of the technology would have figured out on his own), and it must be useful (it must have a practical application).



PTO/SB/14 (11-08)
Approved for use through 09/30/2010. OMB 0651-0032
U.S. Patent and Trademark Office; U.S. DEPARTMENT OF COMMERCE
Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it contains a valid OMB control number.

Application Data Sheet 37 CFR 1.76 | Attorney Docket Number | Application Number

Title of Invention

The application data sheet is part of the provisional or nonprovisional application for which it is being submitted. The following form contains the bibliographic data arranged in a format specified by the United States Patent and Trademark Office as outlined in 37 CFR 1.76.
This document may be completed electronically and submitted to the Office in electronic format using the Electronic Filing System (EFS) or the document may be printed and included in a paper filed application.

Secrecy Order 37 CFR 5.2

☐ Portions or all of the application associated with this Application Data Sheet may fall under a Secrecy Order pursuant to 37 CFR 5.2 (Paper filers only. Applications that fall under Secrecy Order may not be filed electronically.)

Applicant Information:

Applicant — Remove

Applicant Authority ◉ Inventor ○ Legal Representative under 35 U.S.C. 117 ○ Party of Interest under 35 U.S.C. 118

If applicant is not an inventor, indicate the authority to file for the patent on behalf of the inventor, the inventor is:

Prefix	Given Name	Middle Name	Family Name	Suffix

Residence Information (Select One) ◉ US Residency ○ Non US Residency ○ Active US Military Service

City | State/Province | Country of Residence

City | Country Of Residence

Active Military Service in

Citizenship under 37 CFR 1.41(b)

Mailing Address of Applicant:

Address 1

Address 2

City | State/Province

Postal Code | Country

If the representative for the inventor is an Organization check here. ☐

Organization Name

Prefix	Given Name	Middle Name	Family Name	Suffix

Residence Information of the Inventor's Representative:

Residence Information (Select One) ◉ US Residency ○ Non US Residency ○ Active US Military Service

City | State/Province | Country of Residence

City | Country Of Residence

Active Military Service in

Citizenship under 37 CFR 1.41(b)

Mailing Address of the Inventor's Representative:

Address 1

Address 2

EFS Web 2.2.2

The U.S. Patent and Trademark Office issues about 180,000 patents a year, and currently has a three-year, 700,000-patent-application backlog.

A patent confers a negative right. That is, it gives the patent owner the right to exclude others from making, using, selling or offering for sale a product or service that uses the patented invention. Should a person or business use a patented invention without permission of the patent owner, that is called "patent infringement." Patent infringement is not a crime, so the recourse available to the patent owner that believes its patent has been infringed is to file a patent infringement lawsuit against the alleged infringer.

Maintaining a Trade Secret

A trade secret will protect a company's intellectual assets, but only if the company takes a proactive approach to truly keep it under wraps and so long as no competitor reverse-engineers it or independently invents it.

According to the Uniform Trade Secrets Act—which clarifies and defines trade secret rights and remedies, and has been adopted by 46 states, the District of Columbia and the U.S. Virgin Islands—trade secrets can include "technical or non-technical data, a formula, pattern, compilation, program, device, method technique, drawing, process, financial data, or a list of actual or potential customers or suppliers."

Simplifying matters a bit, there are three basic features of a trade secret:

1. It is information that is not known to the public
2. The secrecy of the information confers some economic benefit on its owner
3. The trade secret's owner makes reasonable efforts to maintain its secrecy, such as having contractors and employees sign non-disclosure agreements, and making sure that all discarded documentation related to the trade secret is destroyed

The decision to keep a technology as a trade secret to file for a patent for the invention does not have to be made while the new technology is in development, but the decision does have to be made within a few months of

the introduction of the product or service that uses the new technology. This is because a patent application must be filed within one year of the date of the first sale, offer for sale or commercial use of the invention. Also, if a company develops an improvement to an existing patent, it has the option of keeping the improvement a trade secret or filing for a patent for the improvement. While we think of most patents—like Bell's patent for the telephone or Edison's patent for the phonograph—as being patents for entirely new inventions, most patents today are "improvement patents" that enhance an existing technology.

Patents vs. Trade Secrets—Pros and Cons

Both patents and trade secrets can be licensed to other companies that wish to use it, creating a totally new revenue stream from the technology. However, only a patent gives its owner to right to sue a competitor that infringes the patented technology, even if it does so unintentionally.

Trade secrets are protected under state law, whereas patents are covered by federal law, U.S.C. 35. The Economic Espionage Act of 1996 made stealing trade secrets a federal crime, punishable by jail terms of up to 10 years and significant fines.

Trade secrets have one huge advantage. Unlike patents, which have a fixed term, trade secret protection lasts as long as the secret is maintained. But as soon as the genie's out of the bottle, the game is over, and the trade secret protection is lost. The other dynamic here is the expected lifecycle of the product. If it is reasonable to assume that the new technology will be replaced by yet another newer technology in a matter of a few years—this is often the case in areas such as IT, telecommunications and consumer electronics—then filing for a patent makes the most sense since by the time the patent expires, the technology will have no value to a competitor.

Bottom line: Trade secret protection doesn't require as much effort and expense to acquire as do patents, but should the process or formula become public, there may or may not be adequate remedies available to the trade secret owner.

Protect Your Intellectual Asset

So whether you have a new way to create energy from nonhazardous waste, a mechanical process that makes your industrial plant more efficient, or a client list that you've been developing for years, it is your business's intellectual asset and it needs to be protected. If your invention is "green," you might be able to secure a patent in a third of the usual time. But to get the best possible protection for your businesses intellectual property and assets, engage a competent patent attorney. | WA

Alec Schibanoff *is Vice President of Marketing at General Patent Corporation, an intellectual property boutique and patent enforcement firm based in Suffern, NY. Schibanoff is responsible for all marketing activities for the GPC Group of Companies that includes General Patent Corporation as well as IPOfferings LLC, a patent brokerage and consulting firm, and IP Holdings LLC, an IP-centric merchant banking firm that operates an IP incubator. Schibanoff also serves as Executive Director of American Innovators for Patent Reform (www.aminn.org), a trade association focused on stronger U.S. Patents and more vigorous patent enforcement. He can be reached at (845) 368-4000, ext. 116, via e-mail at aschibanoff@generalpatent.com or visit www.generalpatent.com.*