UNDERSTANDING TRADEMARKS, PATENTS AND COPYRIGHTS

WHAT SEMA MEMBERS WANT TO KNOW...

All businesses own property assets such as buildings and machines. Companies also own assets in the form of trademarks, patents and copyrights, often known as intellectual property (IP). These assets may be worth more than the buildings and machines used to make a company’s products. SEMA places a high value on the protection of its members’ intellectual property.

The aftermarket industry thrives on creativity. However, what is innovative may also be subject to imitation in the face of fierce competition. SEMA wants to give you tools to protect your valuable IP.

This overview is not intended as a legal "how to" manual but rather as an informational guide to help you plan today to protect and get the most out of your company’s intellectual property. SEMA recommends securing the assistance of a qualified attorney to assist in planning and protecting your company’s intellectual property rights.
INTELLECTUAL PROPERTY:
WHAT IT IS, WHAT IT MEANS TO YOU

TRADEMARKS

A trademark is a word, phrase or design used by a company to identify itself as the source of a product or service. Examples include the company's name, logo and product brand names. A trademark must also have a level of distinctiveness, either immediately or over time, so that the public associates it with the source of a particular product or service. If created properly, trademarks can be a means to establish legal rights prohibiting competitors from using confusingly similar unique features and identifiers. Your company may use trademarks to make your products distinctly recognizable and to symbolize the quality associated with the company.

"First and continuous use" in commerce is the basis for establishing exclusive trademark rights in the U.S. “Use” is accomplished by placing the trademark on the product or packaging or by advertising and using the trademark in connection with delivering a service.

There is no requirement to register a trademark, but there are important benefits. A registration is evidence used to prove rights in court when there is a dispute. A trademark may be registered and enforced at the state level, or nationally by registering it with the U.S. Patent and Trademark Office (PTO).

The public is put on notice that trademark rights have been claimed when the “™” symbol is placed next to the trademark. The “®” symbol is placed next to a federally registered trademark.

Before claiming trademark rights, it is important to make sure a proposed mark doesn’t conflict with a pre-existing mark and the rights of another trademark owner. A trademark search is advisable, and there are a number of professional services available to conduct a search.

Registration is granted for a 10-year period, with unlimited renewals allowed. However, registrants must periodically demonstrate that they are continuing to use the mark or the registration will be cancelled.

A trademark used or registered in the U.S. is not automatically protected in another country. Companies that export products should consider registering trademarks in foreign countries where they are selling or intend to sell.

Trademark Examples

A trademark must be unique enough so that consumers can distinguish your goods and services from your competitor’s. The PTO will carefully review all trademark applications and refuse protection to marks that are confusingly similar to previously registered marks.

There are five different categories used to characterize the protectability of trademarks: fanciful/coined, arbitrary, suggestive, descriptive and generic. The first three are the strongest and easiest type to protect and register. Examples would include: a coined word that did not previously exist [EXXON®]; a word not associated with a good/service [APPLE® for electronics]; or a word that suggests a characteristic of the good/service [STAPLES® for office supplies]. Descriptive terms are not protectable, since they generally describe the quality or characteristics of goods or services. The exception are descriptive terms that have “acquired distinctiveness” because of a long period of use and public association of the mark with the product or service [AMERICAN AIRLINES®]. Generic terms or words that are merely descriptive cannot serve as protectable trademarks [“we sell hot rods”].

Like a traditional trademark, trade dress identifies the source of the product. Trade dress can protect product packaging, or the design or overall look of a product itself (product configuration). The trade dress must be distinctive (if packaging) or have “acquired distinctiveness” (if a product configuration). In either case, the consumer must be able to identify the particular trade dress with its owner. While packaging can be inherently distinctive, product configurations acquire distinctiveness after strong sales over a long period, supported by consistent advertising and promotion. Trade dress may be registered as a trademark with the PTO.

Examples of Federally Registered Trademarks

LETTERS:
CBS, NBC, IBM, SEMA

WORDS:
Google, Microsoft, SEMA Show

DESIGN:

PHRASES:
“Good to the Last Drop” [Maxwell House]
“Don’t Leave Home Without It” [American Express]
“Just Do It” [Nike]

TRADE DRESS:

McDonald’s
PATENTS

A patent is an exclusive property right granted by the government to a person who invents a new, useful and nonobvious process, machine, device, design or composition of matter. In the U.S., the PTO issues patents. The inventor or a person designated by the inventor is given exclusive rights. This patent holder may stop others from making, using, selling, offering for sale or importing the protected invention in the U.S. for a fixed period of time.

Patents fall into three categories, two of which impact the automotive aftermarket. Utility patents cover new and useful machines, devices, methods or improvements on any of these. Utility patents generally expire 20 years after filing. Design patents protect the ornamental features or appearance of a product rather than the structure or function. Design patents generally expire 14 years after granting.

The U.S. has adopted the “first-inventor-to-file” system. Early filing is encouraged to preserve foreign rights. Inventors should file for patent protection before publicizing or offering the invention for sale but, in any event, inventors should file within one year of any public disclosures or offers for sale to preserve U.S. rights.

After filing an application, a patent examiner will evaluate and decide whether the invention qualifies for a patent. This process will include a search and analysis of prior patents. Inventors can have a similar search conducted in order to better evaluate the probability of obtaining patent protection before filing. Once issued, patents may be sold, assigned, willed or otherwise transferred to people other than the inventor(s) of record.

Examples of U.S. Patents

Design Patents:

K&N Engineering: Air Filter
US D533,265

Truck-Lite: LED Headlamp
Pat.Pend. Serial No. 29/473,987

Wheel Pros\KMC Wheels
US D509,783

U.S. law provides for an informal and less-expensive first patent application filing called a “provisional patent application.” Provisional applications are not examined and are not enforceable. Provisional applications provide a basis for later utility applications so long as those later applications are filed within one year. The one year life of the provisional application allows the owner time to evaluate the marketplace and determine whether to apply for a utility patent.

Patented products may be marked with the word “Patented” or the phrase “Reg. U.S. Pat. and TM Off.” and the patent number. Marking enables a patentee to recover damages from the start of infringement rather than when a cease and desist letter has been sent. If a patent application is being processed or a provisional application has been filed, the applicant may mark the product “patent pending” or “patent applied for,” although protection does not begin until a patent has been issued. False or improper use of these markings is prohibited and may subject the offender to a penalty.

There is no worldwide patent. Rights are enforceable only in countries in which a patent has been registered. A U.S. patent can prevent an infringing overseas product from being sold in the U.S., but it generally will not prevent that product from being both manufactured and sold in a foreign market. There are several international treaties that assist in consolidating the patent process, but companies must ultimately file a patent application in each country for which protection is sought.

Utility Patent: Competition Cams, Inc.: engine manifold with modular runners

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TRADE SECRETS

A trade secret is also a form of intellectual property. Trade secrets are any information that derives economic value from not being generally known and that is subject to reasonable efforts to maintain its secrecy. Once disclosed, the protection no longer exists. Trade secrets are not registered. They can be protected through confidentiality agreements and procedures to make sure their secrecy is not compromised.

COPYRIGHTS

A copyright protects original works of authorship that are “fixed” or recorded—such as on paper, in metal or electronically. Original works of authorship may include literary, dramatic, musical and artistic works, computer software, sculptures and architecture. Copyright only protects the “expression” of ideas—not the ideas themselves. Copyright also does not protect functional inventions or facts. Copyright covers both published and unpublished works.

Examples of business-related copyrights include websites (including individual graphics and written content), brochures, catalogs, photographs, software and parts numbering systems. Copyright can also protect ornamental product designs such as sculptures or works of visual art.

The author (or copyright owner if the rights have been sold) holds the property rights. The copyright owner has exclusive rights—such as the right to reproduce the protected work in copies, or to make works based on the original. Ownership of a copyright is different from ownership of any material object in which the work is recorded. Transfer of such a material object does not transfer the copyright rights.

If the work is prepared by an employee within the scope of employment, or if the work is specifically commissioned or ordered, then the work is considered a “work made for hire,” and the employer or commissioner is considered the copyright owner, unless the parties have agreed otherwise. Employment and “work for hire” contracts should specifically address copyright ownership rights, releases and royalties to avoid disputes.

For works created after 1977, copyright protection lasts for the life of the author and 70 years after the author’s death. For works made for hire, the copyright protection lasts 95 years after the first publication or 120 years from the date of creation, whichever comes first.

Copyright protection is automatic “when the pen is lifted from the paper.” The protection can be made known to the general public by placing the © symbol on the work, along with the owner’s name and the year it was first produced.

Registration of a copyright is voluntary, but it is required to enforce rights against infringers and potentially collect damages. In the U.S., copyrights are registered with the Library of Congress. The U.S. has copyright agreements with most countries throughout the world, allowing participating countries to honor the copyrights of each other’s citizens.

COUNTERFEIT OR KNOCKOFF?

A counterfeit is a mark that is identical or substantially indistinguishable from a registered mark. There is no precise legal definition for a knockoff. Legitimate knockoffs have features of popular products but are distinguishable from the products they resemble. They are not fake merchandise (counterfeit product). Sometimes the knockoffs are so close to a registered trademark or design that a court may need to render a decision as to whether IP rights have been violated.

STOPPING ILLEGAL IMPORTS OF TRADEMARKS, COPYRIGHTS, PATENTS

IP holders can utilize a variety of tools to help enforce their rights within the U.S., ranging from issuing cease-and-desist letters to obtaining court rulings. It is also possible to stop imports of infringing product from entering the U.S. For trademarks and copyrights that have been registered with the PTO and Library of Congress, IP holders should record those registrations with the U.S. Customs and Border Protection (CBP), a branch of the Department of Homeland Security. CBP will then assist in seizing merchandise that is counterfeit or confusingly similar to a recorded trademark/copyright. It will notify the IP owner about the right to pursue enforcement actions. Customs also has the right to pursue such actions on its own.

Patents are not recorded with CBP, since import infringement issues are generally under the jurisdiction of the U.S. International Trade Commission (ITC). IP holders file infringement cases with the ITC, which will issue an exclusion order if there is a proven violation. Customs will then enforce the exclusion order.

SEMA’S IPR ENFORCEMENT POLICY

SEMA has a comprehensive Intellectual Property Rights (IPR) Policy that is enforceable at the SEMA Show and throughout the year. The full policy is available in the Exhibitor Services Manual section on www.SEMAShow.com. No exhibitor may sell, advertise or display counterfeit or illegal knockoff products.

SEMA reserves the right to prohibit a company from attending or exhibiting at a SEMA-sponsored show if the company sells, advertises or displays counterfeit or illegal knockoff products or any product that SEMA deems to be deceptively or illegally marketed. Violation by an exhibitor could result in a written warning, removal of items, booth closure, loss of Show seniority, rejection of an application to attend or exhibit at a SEMA-sponsored show, rejection or revocation of membership status and/or exclusion from future SEMA-sponsored shows.

PLAN TO PROTECT

Companies should consider establishing an IP budget and working with an attorney to identify a registration and enforcement strategy. The government fee to register a copyright is fairly minimal, while registering a trademark may cost hundreds of dollars. Registering a patent may cost thousands, along with applicable attorney fees to help guide the process. Other protection strategies might include consideration of the useful life of the invention, how likely it is to be copied by competitors or licensed to others, the scope of protection that is available and the ability to enforce that protection.

RESOURCES

Library of Congress (Copyright): www.copyright.gov
U.S. Customs and Border Protection: www.cbp.gov
SEMA: www.sema.org/ipr