

Intellectual Property Protection and Strategy for Steel Technology

The law firm of Tucker Arensberg contributes this quarterly column focused on the legal issues that may impact our readers. Tucker Arensberg is a full-service law firm headquartered in Pittsburgh, Pa., USA. Servicing the legal needs of the iron and steel industry, Tucker Arensberg has also provided legal counsel to the Association for Iron & Steel Technology.



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The steel industry has always excelled in the face of competitive pressure and has adapted its practices and processes over the years to offer better products, more efficient fabrication, and have less of an impact on the environment.

The increasingly global marketplace creates challenges for steel producers that are no longer confined to mere competition among known competitors, but now involves corporate espionage, hacking, black market goods and outright theft of intellectual property. An understanding of the intellectual property options available to corporate entities, as well as the scope and limitations attendant with each, will enable legitimate corporations to minimize the leak of valuable information and maintain their competitive advantage. There are steps that can be taken beyond patent and trade secret protections that can help avoid the unintended loss of valuable information and intangible assets.

The Traditional Toolbox for Intellectual Property Protection

Most businesses are generally familiar with the basic strategies that can be employed to protect inventions, creative content, brand names and other technological adaptations, including patents, trademarks, copyrights and trade secrets. However, the specific application of each and what limitations or advantages exist between them are less understood.

Patent — A patent is an exclusive right granted for a new and novel invention that generally provides a new way of doing something or offers a new technical solution to

a problem. A registered patent provides exclusive rights to its owner so that the invention cannot be commercially made, used, distributed or sold without the patent owner's consent, generally only for a 20-year period. Ironically, in order to be granted the protections offered by a patent, all of the technical information about the invention must be disclosed to the public in the patent application filed with the United States Patent and Trademark Office (USPTO). This mandatory disclosure requires a company to carefully consider whether or not the details of a particular invention should be disclosed publicly in exchange for only a 20-year period of exclusivity.

Trade Secrets — Trade secrets are the primary alternative to the patent system. They generally comprise information or processes that have commercial value to a business and are kept confidential from the public. A trade secret can be anything from a customer list to a secret formula used to make a product and can protect those processes and inventions indefinitely. Occasionally, certain processes and inventions could be protected either by a patent or a trademark — but not both simultaneously.

In order for a trade secret to qualify for protection, it must meet minimal standards of novelty and not be something that is generally known to the public or easily duplicated by others. Unlike other intellectual property tools, the protections afforded through trade secret law do not require an application or an approval from a government entity as a prerequisite to the protections ripening. On the other hand, even though a formal application may not be required, trade secrets will

only be enforceable in court if significant steps were taken by the company, both technical and contractual, to ensure confidentiality and limited knowledge by others.

Trademarks — A trademark is a word, name, symbol, sound, smell or color that is used in trade with goods to indicate the source of the goods and to distinguish them from the goods of others. A brand that exhibits the registration symbol (®) indicates that the brand has been formally registered as a trademark with the USPTO. Registration provides the owner the exclusive rights to use that brand for the goods and services listed in the application. Also, unlike the limited duration of a patent, trademarks can be effective for as long as they are used by their owner, provided that renewal filings are made in a timely manner. Even though trademarks relate mainly to the brand protection for various products, services and company names — and do not protect processes and/or inventions — they are as much the subject of outright theft and misuse as any other form of intellectual property.

Copyright — Copyright is another variety of intellectual property that protects “original works of authorship” once those works are fixed to a tangible form of expression (i.e., a canvas, cassette or page of paper). In copyright law, there are many different types of “works” including paintings, photographs, illustrations, musical compositions, computer programs, blog posts, architectural works and more. Although copyright tends to be reserved for artistic expression, it serves as another important alternative even for companies in the steel industry and beyond. Compared to a patent, which can be costly and sometimes impossible to acquire, copyright applications are a fraction of the cost and endure no formal scrutiny when submitted for registration. Copyright can also be used to protect software, marketing material, websites and other content that might not be patentable. Similar to trademarks and patents, copyrights should be registered in order to receive the broadest protections under the law.

Patent vs. Trade Secrets — While certain inventions and processes may be better suited for a patent rather than trade secret protection, there are times when either may suffice. A patent may be a better option to protect an invention that cannot be simultaneously kept confidential (to maintain trade secret protection) and also sold broadly to the public. In the steel industry, companies may opt to maintain their inventions or processes as trade secrets instead of seeking a patent because a trade secret can offer protection that is unlimited in duration, whereas a patent will expire after a period of years. In addition, a trade secret does

not require full disclosure of the actual invention and can be much less costly to establish.

With increasing concerns over theft of intellectual property and other innovation by illicit actors, there are obvious advantages to maintaining confidentiality rather than making voluntary disclosures of the invention. Many businesses, especially steel-producing businesses concerned that internal inventions or processes could be stolen and coopted by actors intending to make a competing product, may prefer trade secrets over patents in many cases. This allows the secret thing to be used by them while maintaining strict secrecy intended to prevent reverse engineering efforts. A couple of less obvious and negative attributes to trade secrets should be referenced. One is that they can leave the business owner questioning whether their assets can be protected “trade secrets” until litigation comes along to challenge the designation. Finally, maintaining the secrecy of an invention can be a daunting task, including security features and confidentiality agreements with those who might have access to the secret.

The Basics Are Not Always Enough: Additional Considerations

A recent story illustrates that even proactive protection of intellectual property assets through patent, copyright, trade secrets and trademarks is merely one aspect of a complete strategy to ensure valuable assets are not taken. Often more is necessary.

Imagine that a company ensured that all responsible measures have been taken to protect valuable business assets, all critical inventions have been patented, brands are secured with federal trademarks, and all other trade secrets are kept under lock and key.

Unexpectedly, the attorney associated with the company assets gets an email from a foreign lawyer advising that a local company has applied for (and received) several of the company trademarks in that country, which are exact representations of the brand. Following an investigation, domain names were also secured where content was posted appearing to be an affiliate of the company selling the same products. These examples are increasingly frequent but not often reported to the media.

Even if there were no intentions of ever doing business in the other country, this scenario is very concerning. At a minimum, there’s no longer complete control over the intellectual property. Worst-case scenario is that a doppelgänger company is formed there which starts selling or importing the product to the U.S. or elsewhere. Although the trademark may relate only to the brand, not the inventions or processes that create value for the company, this foreign hijacking enables the sale of a cheaper, inferior and

possibly dangerous product under the same brand name. Worse, if there are truly no operations there, it may be very difficult to stop this activity.

To avoid this situation, many companies seek expansion for their trademark and other intellectual property assets in critical foreign markets. Once you have your intellectual property protected in these other territories, even if you never expand there, your registrations will prevent others from securing those same rights — since you will already own them.

Moreover, domain name strategy can help to prevent websites that mimic or disparage your company. Companies must think beyond purchasing merely the .com, .org and .net domain extensions. With now

hundreds of domain name extension options available, it is worth considering others, but it may be too costly to reserve them all. Some additional considerations include, .info, .cn, .asia and .xxx domain extensions, as well as others to maintain control over this internet real estate.

As this article illustrates, the protection of a company's intellectual property is an ongoing process and not a destination. It requires first identifying the type of asset to be protected and the best vehicle to accomplish that end. However, it also unfortunately requires proactive planning against active theft, both domestically and abroad. ♦

