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# IP INSIGHTS

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## Protect the true value of your business

The true value of a business may lie in its intellectual property. Unfortunately, many businesses fail to protect that valuable asset.

"Identifying those products, processes and ideas that create value in your business can ensure financial well-being and can also ensure that a fair price is received if the sale of the business occurs," said **Jeffrey W. Smith**, an intellectual property attorney at Lathrop & Clark LLP.

Generally, intellectual property consists of original or unique products and processes, confidential customer lists, trademarks, trade names, original written materials, advertising jingles and slogans, and other assets essential to the success of a business that may be in need of protection.

According to Smith, "If the misuse or theft of any particular item or idea by a competitor would hurt a business, either its finances or its reputation, it should be legally protected."

Smith said there are four ways attorneys at Lathrop & Clark can help clients protect the assets of a business:

■ **Patents:** A patent protects a unique product, formulation or process. Typically, unique electrical components, chemical compounds and manufacturing processes are candidates for a patent. In addition, a patent can protect a product or methods of making, using or selling a product. To se-

cure a patent, an attorney drafts a detailed application and submits it to the U.S. Patent and Trademark Office for its review.

■ **Trademarks:** Any logo, graphic or other marking that creates an association between a product and a company may be protected by a trademark. Trademarks tend to be source identifiers for consumers, and communicate the level of quality that can be expected in a product. Brand names, association seals of approval and corporate logos may all be trademarked. Similarly, service marks are used to distinguish a service from that of competitors. Trademarks and service marks may be applied for in the U.S. Patent and Trademark Office.

■ **Trade secrets:** Confidential business and marketing plans, customer lists, methods of doing business, and any other confidential process or idea that gives a business the competitive edge should be protected as a trade secret. Trade secrets are protected through company-wide business practices that ensure secrecy.

■ **Copyrights:** Copyrights protect written and other expressions of an idea. Writings, art, music, architectural plans and sound recordings are among the items that can be protected by a copyright. A copyright exists as soon as a work is created and

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registration can be applied for either before or after infringement occurs.

"It can be difficult to determine which products, processes and ideas require protection," said Smith. "The best approach is to identify those items that you believe give value to a business and consult with a qualified attorney about the appropriate method of protecting those items."

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*Jeffrey W. Smith represents manufacturers, researchers, engineers and designers, providing assistance in prosecuting and litigating patents involving mechanical devices or processes, and chemical processing equipment. He also provides counsel on trademarks and copyrights.*

*While Smith prosecutes and enforces patents, he also defends clients against claims of infringement. In one case, for example, he convinced the court that patent owners must act in good faith when asserting claims of infringement against others. After proving that the plaintiff had failed to act in good faith, he then collected an award of \$1 million in attorneys fees on behalf of his client. In another case, he convinced the*

*court that an asserted patent was unenforceable because inequitable conduct was used in obtaining that patent. He has also invalidated patents using a procedure known as a Request for Reexamination, made to the U.S. Patent and Trademark Office.*

*Smith has represented U.S. manufacturers before the International Trade Commission, filing cases against importers of patent infringing goods. He also works with clients to take advantage of a little known enforcement tool—registration of trademarks and copyrights with the U.S. Customs Service. Once registration occurs, the agency will seize any infringing imported product.*

*In the early 1990s, he was among the first to trademark a color. Cat Scale Company, which operated public truck scales, had adopted a black and gold logo for use on signage, weight tickets and promotional materials. As its business grew, competitors began to open public scales, also using black and gold signage. Because truckers associated those colors with the quality service offered by Cat Scale, much confusion resulted. After a long battle, the black and gold service mark was registered and competitors were forced to eliminate black and gold from their signage and promotional materials. Cat Scale was only the second company to succeed in registering a color in the United States.*

*Smith can be reached at 608.257.7766.*

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