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# **Intellectual Property: Perspectives from within Corporate America and The Law**

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by

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## **Abstract**

Corporate America is replete with individuals and companies transforming new thoughts and ideas into exemplary services and usable products. With each new idea, an individual or company should properly protect their intellectual property through well-thought out patents, copyrights, and trademarks – along with mechanisms to protect their trade secrets. This research paper explored intellectual property as viewed by the courts, companies, and individual employees. Through a review of literature, it was determined that companies own the work generated by their employees and companies own proprietary knowledge utilized by their employees. Likewise, companies can only seek patents, copyrights, and trademarks through their employees. While debate is still present among the courts, companies, and individuals, employees are free to originate new works for patents, copyrights, and trademarks outside of the company's core competencies and or product lines.

## **Introduction**

Intellectual property rights; what are they? Who controls them? What laws protect the originator of original works? And how is an individual accorded intellectual property rights within corporate America? These are just a few of the questions explored by this paper.

Intellectual property usage spans all knowledge-based activities in service and manufacturing companies. Without this core foundation of intellectual property usage, companies could not function as they currently do. The scope of intellectual property is broken down into four major categories: copyrights, patents, trademarks and trade secrets. Copyrights are granted for all original works such as music, authored works (books, articles, etc...), software, and technical work (drawings, designs, and models). Patents are given for equipment, electronic circuits, processes, and designs. Trademarks consist of proprietary words, letters, symbols,

and geometric features. Trade secrets are proprietary company information that isn't shared outside of the business entity.

Researcher interest in intellectual property rights came about after spending vast amounts of personal time (off the company clock), developing time saving software programs and company procedures used by the company. As a full-time employee, it is understood that all works created on company time, on company premises, is the company's property. But the question that comes to mind is: "Is the developed original work still the company's even when the majority of the work done was conducted on the employee's own time? At their home?" As a salaried professional for the company, it is understood that the work created is the property of the company (on or off the clock – at or away from the company's premises). But the question may still linger in one's mind: "Is it mine, or is it theirs? And what is the legal stance of employee generated original works?" Hence, the generation of this research paper.

### **Definition of Terms**

**Anonymous Work** – A work on which no person or other entity is identified as author. (Bielefield & Cheeseman, 1997)

**Applicant** – One who files an application with a governmental body seeking protection for, or registration of, intellectual property rights. (Burge, 1984)

**Author** – The creator of a work; or the enterprise that employs a creator of a work made in the course of that employment; or an entity that commissions a work for hire. (Bielefield & Cheeseman, 1997)

**Common Law** – Principles and rules of law not codified by statute, but promulgated through court decisions. (Burge, 1984)

**Common Law Copyright** – The author's right to his or her own work, which is believed to have existed before there was a written statute. (Bielefield & Cheeseman, 1997)

**Competitive Advantage** – A competitive advantage may be gained from a confidential information, idea, item or state of events that can potentially be exploited to enhance the income or assets of a business (Elias, 1996)

**Conception** – The initial mental formulation of the essential elements of an invention. (Burge, 1984)

**Copyright** – A property right in an original work of authorship (such as literary, musical, artistic, photographic, or film work) fixed in any tangible medium of expression, giving the holder the exclusive right to reproduce, adapt, distribute, perform, and display the work. (Garner, 1999)

**Diligence** – Vigilant, continuing activity following conception and leading to the reduction to practice of an invention. (Burge, 1984)

**Doctrine of Equivalents** – Where the accused device or composition does not include each element of a patent claim, it still will infringe the claim if it includes, for every element of the claim, such element or its equivalent. (Landis, 1979)

**General Agreement on Tariffs and Trade (GATT)** – GATT is a free-trade treaty signed by 117 nations. GATT also formed the World Intellectual Property Organization (WIPO) to facilitate international agreements regulating intellectual property. (Elias, 1996)

**Infringement** – Unauthorized, un-exempted use of a work by one other than the copyright holder. (Bielefield & Cheeseman, 1997)

**Interference** – A United States Patent and Trademark Office proceeding to determine which of two or more parties was the first to invent (and thus which is entitled to a patent), in those cases where the two parties have each filed patent applications claiming substantially the same patent-able invention (and thus “interfere” with each other). (Konold, 1989)

**Issuance** – The granting of a patent, a trademark, registration, or a copyright registration. (Burge, 1984)

**License** – A transfer of intellectual property rights other than ownership. (Burge, 1984)

**Licensee** – One who receives intellectual property rights by license. (Burge, 1984)

**Licensor** – One who conveys intellectual property rights to another by license. (Burge, 1984)

**Patent** – 1. The governmental grant of a right, privilege, or authority. 2. The official document so granting. (Garner, 1999)

**Patentee** – An inventor who has been granted a patent (Burge, 1994)

**Patent Owner** – One who owns all rights in a patent, either a patentee or an assignee. (Burge, 1994)

**Piracy** – A colloquial term, “piracy” refers to any activity directed toward the improper acquisition of a trade secret or other forms of intellectual property that belongs to another. (Elias, 1996)

**Registration** – Formal recognition by a government of trademark ownership. (Oathout, 1981)

**Trademark** – A word, phrase, logo, or other graphic symbol used by a manufacturer or seller to distinguish its product or products from those of others. (Garner, 1999)

**Trade Secret** – A formula, process, device, or other business information that is kept confidential to maintain an advantage over competitors. (Garner, 1999)

**Utility Patent** – Patents having industrial utility (process, machine, article of manufacture or composition of matter), to distinguish from design patents and (botanical) plant patents. (Landis, 1979)

**World Intellectual Property Organization (WIPO)** – An organization formed to facilitate international agreements regulating intellectual property. WIPO is a policy-making body only, with no delegated authority to make binding decisions or impose sanctions. (Elias, 1996)

### Literature Review

Bielefield (1997) defines a copyright as: "...more than just the right to make copies and publish. Under current United States law, copyright is a bundle of exclusive rights granted to an author. It includes not only the right to reproduce (copy) and publish, but also the rights to adapt, to perform, and to display a work."

Under the copyright Law of 1976 (from the United States Constitution), copyrights are valid for the life of the author plus 50 years. If the work was for hire, then the copyright is valid for 75 years from publication. Copyrights fall under the following eight categories (Bielefield, 1997):

1. Literary works
2. Musical works, including any accompanying words
3. Dramatic works, including any accompanying music
4. Pantomimes and choreographic works
5. Pictorial, graphic, and sculptural works
6. Motion pictures and other audiovisual works
7. Sound recordings
8. Architectural works

"Fair Use" is the "copying of copyrighted works without the owner's permission for purposes such as criticism, comment, news reporting, teaching, scholarship, or research." Bielefield (1997) also shared these four factors for consideration:

1. The purpose and the character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes
2. The nature of the copyrighted work
3. The amount and substantiality of the portion used in relation to the copyrighted work as a whole
4. The effect of the use upon the potential market for or value of the copyrighted work

In September of 1995, the House and Senate added copyright law to the technology of the digital network; which includes:

1. Reproduction of (3) copies
2. Make digital copies for the purpose of preservation, security, and replacement
3. Libraries or archives would only be required to affix a copyright notice to a photocopy when the original work actually had a copyright

Article I, Section 8 of the United States Constitution (Copyright Clause) states the following: “To promote the progress of science and useful arts by securing for a limited time to authors and inventors the exclusive right to their respective writings and discoveries.” The first amendment brings about freedom of speech and would appear to be in conflict with the copyright clause, but isn’t since the first amendment has to do with free speech, not a documented work as the copyright clause supports (Bielefield, 1997).

In 1980 Ploman & Hamilton relates that early pre-constitutional statutes existed in the American colonies; basic rights consisted of:

1. To secure author’s right
2. To promote learning
3. To provide order in the book trade
4. To prevent monopoly

These fundamental principles would later embody the United States of America’s copyright law as stated in the United States Constitution.

“For a patent to have “utility” or usefulness it must not be frivolous, injurious to morals, health or good order [Rickard v. Dubon, 103 F.868 (2<sup>nd</sup>. Cir. 1890)] nor “demonstrate a “lack of utility” generic to specific inoperativeness involving perpetual motion, frivolous, fraudulent, or against public policy (Landis, 1979).”

Patents require filing in the name of the true inventor (U.S.C. 102 f and 111) who must be a natural person(s) and not a corporation (Landis, 1979).

Prosecution for patent infringements can be initiated by three classes of people, the inventor-applicant or his legal representative, an assignee of record of the entire interest, or a duly appointed attorney or agent authorized to practice before the United States Patent Office (Landis, 1979).

Landis (1979) listed the following as Trade Secret examples:

1. Ideas
2. Formulas, processes
3. Manufacturing information
4. Customer lists and other selling data such as prices
5. Sources of supply
6. Cost data
7. Internal organization of a business and its operating methods

The following case is a good example of trade secret protection, as shared by John L. Landis in his book “Patents, Copyright, Trademarks, and Trade Secrets for Corporate Counsel and General Practitioners (1979)”:

“B.F. Goodrich Co. v. Wohlgemuth, 192 N.E. 2d 99, 137 U.S.P.Q. 804 (Ohio Ct. App. 1963). Employer disclosed confidential know-how to employee relating to pressure space suits. Employee was subsequently hired by competitor to develop space suits. Held that even though employee had not yet disclosed know-how of former employer, substantial threat of disclosure existed. Injunction preventing employee working on space suits granted.”

Furthermore, the United States Trademark Law (Lanham Act) protects a registered mark on produced goods for owners conducting interstate commerce.

In the General Agreement on Tariffs and Trade (GATT), “many countries have provided protection to trade secrets owned by residents of all signatory nations” by starting the World Intellectual Property Organization (WIPO) to facilitate international agreements regulating intellectual property (Elias, 1996).

In “What Every Engineer Should Know About Patents (Konold, 1989)” it is written that over 400 general patent classes are recognized by the United States Patent Office (with over 30,000 subclasses). Mr. Konold also shares the following about patent inventions from Section 101 of the United States Patent Law:

“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title.”

Documentation of inventions for patenting is of vital importance to the patentee, as are an origination date, clear records of the original work, and how the original work came about. The following factors need to be considered in determining which inventions are to be recorded (Konold, 1989):

1. The length of time the problem existed. Solutions to long unsolved problems are likely to be important
2. Whether the invention is the only solution, significantly better than most solutions, or merely one of many equally good solutions
3. Savings in time and money provided by the invention
4. Importance to the company
5. Extent of use of the invention in the future; high or low volume; long or short term
6. Whether the field of the invention is crowded or wide open. Often a relatively minor advance in a crowded field is patentable
7. Likelihood parallel development program existing in other companies

8. Whether the solution is one which others skilled in the field are likely to develop in the normal course of their work. If so, the invention is probably not important or patentable
9. Whether the invention constitutes a non-infringing design around a patent owned by a competitor
10. The general need and usefulness of the invention

Patentability requires that an invention is “new, useful, and non-obvious.” In the United States Supreme Court case of Funk Bros. Seed Co. v. Kalo Inoculant Co., 333 US 127, 68 S.Ct. 440, 76 U.S.P.O. 280 (1948) an “inoculant was developed to contain several species of the genus *Rhizobium* which existed together in nature without exerting a mutually inhibiting effect on one another (Konold, 1989).” The Supreme Court determined that the inoculant didn’t do anything new by creating a new bacteria or providing a useful product, and was only a “product of nature” and therefore unpatentable.

Patents should be viewed as a contract per David A. Burge in his book “Patent and Trademark Tactics and Practice (1984)”, a contract between the government and the inventor. A patent is nothing more than a contract protecting the usage rights of the original work, but one which is published for all to view and improve on, yet without copying the basic design of the inventor’s original work.

Per Burge (1984), patents can be obtained to “impress others, present sale of the idea to interested companies, companies who wish to manufacture a product embodying a patentable invention, and for companies who wish to build a portfolio of patents covering their products.”

For an invention to be patentable, the following must satisfy these conditions (Burge, 1984):

1. Fit within one of the statutorily recognized classes of patentable subject matter
2. Be the true and original product of the person seeking to patent the invention as its inventor
3. Be new at the time of its invention by the person seeking to patent it
4. Be useful in the sense of having some beneficial use in society
5. Be non-obvious to one of ordinary skills in the art to which the subject matter of the invention pertains at the time of its invention
6. Satisfy certain statutory bars that require the inventor to proceed with due diligence in pursuing efforts to file and prosecute a patent application

A trademark is “a word or symbol that a manufacturer or merchant places on his products to distinguish them from similar products offered by someone else (Oathout, 1981).” Mr. Oathout also pointed out that a trademark is the sole property of its owner and an identifier for purchasing future products from the same vendor. Other well-known words, which are trademarks, are “Polaroid, Pepsi-Cola, Crayola, Band-Aid, Crest, Arrow, Esso, Kleenex, Timken, Volkswagen, Beefeater, Exxon, Cheerios, Mustang, Thermopane, Benrus, and Zenith” per Mr. Oathout. “Brand” or “Brand Names” are not part of federal trademark law, but are used interchangeably with “trademark.”

The following cannot be trademarks (Oathout, 1981): “Generic products; flags, coat of arms; insignias; surnames; names of cities, states, or counties; name, portrait, or signature of a living person without consent; words or phrases or designs that disparage or falsely suggest a connection with persons, living or dead, or institutions; and immoral, deceptive, or scandalous designs, words, or phrases.”

James H.A. Pooley in his book “Trade Secrets; A Guide to Protecting Proprietary Business Information (1989)” shares that proprietary information as “any commercially useful ideas” with a breakdown into two areas: technology and business information. Proprietary technology examples include “a method for mixing structural concrete, an electronic circuit, diagram, computer software, a chocolate chip cookie recipe, and a process for stretching wire.” Proprietary business information specifies, “How you make, and plan to make, money.” Examples of proprietary business information include: “A customer list, marketing plans, competitive studies, financial reports, and a sealed bid.”

Pooley (1989) relates to the question of information ownership of the employee to that of the employer, under the following three situations: One, if an employee is “hired to invent”, then the produced work is the company’s. Two, if the employee wasn’t “hired to invent”, but the employee used the company’s resources to invent something – the situation would give the company licensable rights to the invention, but not ownership thereof. And third, if an employee invents something outside of their regular employment duties and without company resources, then that employee would have exclusive rights to their invention. It was also noted by the author that head knowledge of company proprietary information is not owned by them, but by their employer.

The Uniform Trade Secrets Act of 1979 defines trade secrets as (Pooley, 1989):

“Information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.”

Criteria considerations for court protection of trade secrets consist of the following (Pooley, 1989):

1. How extensively is the matter disclosed in a patent?
2. How extensively is the information known outside your company?
3. How extensively is the information known among employees within the company?
4. How easily can the information be independently acquired or duplicated?
5. How novel is the secret?
6. How can the secret be distinguished from your employee's skills and general knowledge?

The following excerpt from the case "A.O. Smith v. Petroleum Iron Works Co. (Sixth Circuit Court of Appeals 1934) 73 F.2d 531" underlines the difference of a patent (invention) to that of a trade secret (discovery) (Pooley, 1989):

"Quite clearly discovery is something less than invention. Invention requires genius, imagination, inspiration, or whatever is the faculty that gives birth to the inventive concept. Discovery may be the result of industry, application, or be perhaps merely fortuitous. The discoverer, however, is entitled to the same protection as the inventor."

Some companies have their employees sign non-disclosure agreements to protect the intellectual property rights of their company; advantages included (Pooley, 1989):

1. Widely used – not using them could be evidence against the company in litigation
2. Clarify and define issues such as ownership of information and responsibility to protect it
3. You can provide for arbitration or other form of dispute resolution outside the courts
4. They give notice of importance to the company's proprietary rights
5. The other party's acknowledgement of your trade secrets is very strong evidence in court
6. Certain relationships require a written contract

Disadvantages include:

1. Overly narrow definitions of your trade secrets may restrict available protection
2. Some existing employees may refuse to sign
3. You may overlook some who should have signed

Authors Weil & Snapper in their book "Owning Scientific and Technical Information (1990)" shares an interesting aspect of intellectual property, specifically that no one can legitimately patent or copyright an idea, but ideas are where innovative patents and copyrights originate. Weil & Snapper (1990) also share the following philosophical reasoning from the Supreme Court:

“The patent monopoly was not designed to secure to the inventor his natural right to his discoveries. Rather, it was a reward, an inducement, to bring forth new knowledge. The grant of an exclusive right to an invention was the creation of society – at odds with the inherent free nature of disclosed ideas – and was not to be freely given. Only inventions and discoveries, which furthered human knowledge, and were new and useful, justified the special inducement of a limited private monopoly. (Graham v. John Deere Co., 383 U.S. 1, 9{1966}).”

In the software development business world, great care is put on “protecting trade secrets and confidential information through pre-employment confidentiality and non-disclosure agreements (Marzouk, 1988).” Such agreements restrict employees from sharing information with neither competitors nor divulging that information to the same upon termination of employment.

Michael P. Ryan in his 1998 book “Knowledge Diplomacy; Global Competition and the Politics of Intellectual Property” shares the following about the Copyright Act of 1976 inclusion of the “work-made-for-hire” doctrine:

“In the case of a work-made-for-hire, the employer and other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all rights comprised in the copyright.”

With the statement above, it would appear that a company is automatically a co-author in any developed work with an employee. Thus creativity, and the works created by creativity, would appear to become the shared property due to a pay-for-work relationship.

## Discussion

In consideration of intellectual property rights, the introduction of this research paper asked the fundamental question: “What are they? And who controls them? The first part of the question seems quite easy to answer, the last part, not so easy. Within this section of the research paper, intellectual property rights affect the law, corporations and the individual are reviewed.

Intellectual property falls into four major categories in America, consisting of patents, copyrights, trademarks and trade secrets. As presented in the literature review, these intellectual properties are clearly defined by constitutional Acts, court cases, and trade actions conducted over several hundred years. Each has its purpose in protecting the rights of the corporation and of the individual. Patents are extended to individuals, and to companies through the inventor’s name, for original and new inventions, items which are “new, useful, and non-obvious” (Konold, 1989). Copyrights cover original literary works. Trademarks are original company or product identifiers (slogans, symbols, statements). And trade secrets comprise tasks or procedures that are proprietary to a company or an individual.

Corporation protection of intellectual property has always been an ongoing concern for companies possessing state of the art technologies. In B.F. Goodrich Co. v. Wohlgemuth (1963), B.F. Goodrich was successful in stopping a former employee from divulging space suit construction techniques from memory. And in another case, J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc. (2001), the Supreme Court maintained patent rights over in-bred and hybrid seed corn for Pioneer. Companies typically use patents to guard their tangible intellectual property rights. And court reviews of the validity of these patents seem to be ever-present as “copying” companies attempt to infringe upon the patent holder’s rights. In Allen-Myland, Inc. v. IBM (1991), IBM’s patent rights were upheld as the court determined that Allen-Myland had infringed upon IBM by copying key portions out of IBM’s technical manuals and using it for their own manuals. As these three cases point out, the courts are the final line of defense for companies who wish to protect their intellectual property rights.

Companies with intellectual property do have lesser measures of technological protection available to them, although, for people in their employ. Some companies have opted to have their employees sign non-disclosure agreements that guard against the sharing of information during employment, and after termination of employment. This method should prove quite useful for employers who seek to guard information from former employees through the courts. Another method that could be used is the restriction, or piece-meal sharing, of information to employees. This method would keep knowledge-management individuals from getting too much information that could be used in the future against the current employer through patent infringements. The downside of controlling information in the piece-meal method is that it could limit the employee’s ability from doing their job better, since they would not be able to see other relationships that could be optimized within the desired product. Companies need to consider protection issues very carefully to insure that intellectual property is protected yet not to the point of retarding employee creativity and business growth.

Knowledge-management individuals need to be ever watchful and persistent in controlling the intellectual property of their employer. Patents, copyrights, trade marks and trade secrets are protected by gauging the knowledge handling policies of their company and those of competitors, paying attention strict attention to who knows what, and putting policies in place that will best meet the intellectual property protection needs of the company.

Within the United States Patent Law (Section 101) the following is written:

“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent (Konold, 1989).”

And similarly, the United States Constitution (Article I, Section 8) states the following:

“To promote the progress of science and useful arts by securing for a limited time to authors and inventors the exclusive right to their respective writings and discoveries (Bielefield, 1997).”

It is quite clear by these two quotes that the United States supports the rights and privileges of the original work creator.

Patents are to provide utility for society. In other words, the device being patented is to provide some useful function for the populace.

Patents are also to be filed by people, not by companies or corporations. By stating the wording in this fashion, I believe our nation's legislators are pointing out that real advances in technology and science comes about only as people, individuals, are involved in creating new devices and products.

A copyright only protects the basic composition of literary works. Latitude seems to exist somewhat more for copyright infringements by others than do patent infringements. For example, in the case of Campbell v. Acuff-Rose Music (1994), the musical group "2 Live Crew" composed a parody song entitled "Pretty Woman", which was a knock-off of Roy Orbison's "Oh Pretty Woman." The court decided that 2 Live Crew did not do an infringement of Acuff-Rose Music's copyright since 2 Live Crew's song was a rap tune, hence it affected a different market than Roy Orbison's version.

After viewing multiple documents and books on the protection of intellectual property, the following basic summary of the courts', a company's, and an employee's (or individual's) view on intellectual property and the law is presented.

The courts appear to view the following when it pertains to intellectual property:

1. A company owns the "head knowledge" of an employee
2. Patents must be original and have utility in society
3. Companies have a right to protect their assets
4. Courts expect specific documentation to protect a company's, or individual's, claim to an original work

Companies appear to view a slightly different slant on intellectual property than the courts, which is:

1. An employee's "head knowledge" is the company's property
2. Created works by an employee is the company's property (on or off the clock)
3. Any similar product produced by another company could be an infringement upon the company's original work

Employees on the other hand, view intellectual property in the following way:

1. The ideas generated within the employee is their "thought property"
2. Produced tangible works on an employee's personal time is theirs
3. Produced tangible works on company time is the company's

Although there exists a good amount of logical reasoning from within each group's stance, the courts will still have the final say in what takes place in the intellectual property control environment.

As stated previously, companies do have some recourse in protecting their intellectual property rights, though. They are free to write detailed intellectual property protection clause contracts for new employees to sign. Non-disclosure agreements clarifies ownership of information, establishes protection of intellectual property, and diminishes intellectual property ownership ambiguity.

In summary for this research paper, it would appear that the following intellectual property ownership issues apply:

1. Companies own the work generated by their employees
2. Companies own any proprietary knowledge utilized by their employees
3. Companies can only seek patents, copyrights, and trademarks through their employees
4. Employees are free to originate new works for patents, copyrights, and trademarks outside of the company's sphere of influence

### **Conclusion**

This study has defined through a review of literature that courts, companies, and individuals have different views on how intellectual property should be assessed and controlled. Patents, copyrights, trademarks, and trade secrets are intellectual property. Courts of law protect individuals and companies by supporting the rights and privileges of original work creators. Basically, companies own original work created by their employees through the use of company-specific proprietary knowledge (trade secrets). While companies may benefit from their employee's use of knowledge, only an employee can acquire patents, copyrights, and trademarks. For an employee to acquire acknowledgement for an original work, the work created must stand-alone from the works created while employed by a company.

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## Appendix

### Case Brief #1

Citation: Nelson v. Adams USA, Inc. (99-502) 175 F.3d 1343 (2000)

Case Summary: Ohio Cellular Products Corporation (OCP), under Nelson – president and sole shareholder of OCP, was in the process of appealing the District Court’s decision to the Supreme Court of the United States by counter lawsuit against Adams USA, Inc. This case appeal was to stop the District Court’s decision for Adams USA to obtain financial remedy from Nelson, as an individual, outside of OCP – which had been amended in District Court. In the previous lawsuit, Adams sued OCP for patent infringement after using trademark artwork that was similar to Adams’. This lawsuit was awarded to Adams when it was determined that OCP had held back patent submittal information that would have made OCP’s application for a patent invalid, because it would have been similar to Adams’ artwork. This case is pertinent to our research paper since Nelson’s firm, OCP, was intentionally holding back key intellectual property in order to get first patent, even if it did reflect the patent that Adams USA already had in place.

Court Decision: The Supreme Court reversed and remanded the District Court’s decision regarding financial remedy from Nelson, as an individual, to Adams USA, Inc.. This decision was made after the Supreme Court determined that Nelson wasn’t given the opportunity to defend against the amendment against him in District Court.

Precedents: American Surety Co. v. Baldwin, 287 U.S. 156

Source Document: [http://www4.law.cornell.edu/cgi-bin/htm\\_hl?](http://www4.law.cornell.edu/cgi-bin/htm_hl?)

### Case Brief #2

Citation: Campbell v. Acuff-Rose Music (92-1292), 510 U.S. 569 (1994)

Case Summary: “2 Live Crew” (a musical group) was sued by Acuff-Rose Music, Inc. for 2 Live Crew’s song parody “Pretty Woman” to Roy Orbison’s (copyright owned by Acuff-Rose, Inc.) “Oh Pretty Woman.” The original court case granted summary judgment for 2 Live Crew by the District Court. The Court of Appeals then reversed and remanded the District Court’s decision after determining that 2 Live Crew’s song version borrowed too much of the “heart” of Roy Orbison’s version. The United States Supreme Court then decided to review the case.

Court Decision: The United States Supreme Court decided to reverse and remand the case; siding with 2 Live Crew stating that the Copyright Act of 1976, 17 U.S.C. §107 allows for criticism and comment of an original work – in this case, of Roy Orbison’s song. Also reversed and remanded due to the Court of Appeals lack of action as it

pertains to researching the commercial nature of 2 Live Crew's work. 2 Live Crew's work was part rap; hence it was seeking a different market than Roy Orbison's version would have gone after.

Precedents: Sony Corp. of America v. Universal City Studios, Inc. 464 U.S. 417.

Source Document: <http://supct.law.cornell.edu/supct/html/92-1292.ZS.html>

### **Case Brief #3**

Citation: Wal-Mart Stores, INC. v. Samara Brothers, Inc. (99-150) 165 F.3d 120 (2000)

Case Summary: The original case was petitioned by Samara Brothers, Inc.. Samara alleged that Wal-Mart had contracted another clothing manufacturer to produce a line of clothing just like Samara's, yet at a lower price – all based upon photographs Wal-Mart had supplied to the lower cost vendor. The jury found for Samara. Wal-Mart then appealed the District Court, who denied the motion and found for Samara. At which point Wal-Mart took the case to the United States Supreme Court.

Court Decision: The United States Supreme Court reversed and remanded the case stating that color was the wrong basis for the outcome of the trial, and the District Court's decision. Product design and distinctiveness should have been the criteria of measure.

Precedents: Qualitex Co. v. Jacobson Products Co., 514 U.S. 159; Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763

Source Document: <http://www4.law.cornell.edu/cgi-bin/htm hl?>

### **Case Brief #4**

Citation: J. E. M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc. (99-1996) 200 F.3d 1374 (2001)

Case Summary: Pioneer Hi-Bred International, Inc. grows patented in-bred and hybrid corn seed products; products which can only be sold for the production of grain and forage – but not resell or multiplication of more seed. J.E.M. Ag Supply, Inc. (also known as Farm Advantage, Inc.) purchased seed from Pioneer, but in turn resold the seed for seed multiplication – a violation of Pioneer's patent. Pioneer then brought suit against J.E.M. to the District Court who affirmed Pioneer's patent rights to the seeds in question. J.E.M. then brought counter-suit against Pioneer stating that Pioneer's patent wasn't valid, which the District Court affirmed. Pioneer then took the case to the United States Supreme Court.

Court Decision: The United States Supreme Court affirmed Pioneer's patent rights stating that "living things are patent able under 35 U.S.C. §101." Also, Pioneer was well within their rights to control the use of seeds they produced.

Precedents: Diamond v. Chakrabarty 447 U.S. 303; Morton v Mancari, 417 U.S. 535; Connecticut National Bank v. Germain 503 U.S. 249; Kewanee Oil Co. v. Bicon Corp., 416 U.S. 470.

Source Document: <http://www4.law.cornell.edu/cgi-bin/htm/htl?>

### **Case Brief #5**

Citation: Whelan Assoc. v. Jaslow Dental Laboratory, Inc., 797 F.2d 1222 (3<sup>rd</sup> Cir. 1986) cert denied, 479 U.S. 1031 (1987)

Case Summary: Elaine Whelan, employed by Strohl Systems, developed a program for Jaslow Dental Laboratory for the operation of a dental laboratory, which ran on an IBM Series 1 computer. She later formed Whelan Associates, and both Jaslow and Whelan marketed the program, Dentalab. Jaslow realized that there would be a larger market for such a program on a more commonly used computer, and arranged for the creation of a corresponding dental office management program, Dencom, in a different language, for the other computer. When they had a falling out, Jaslow sued Whelan for trade secret violation, and Whelan counter-sued for violation of the copyright on Dentalab. The primary issue was whether copyright protection covers only the literal elements of a literary work, or also the "overall structure and organization."

Court Decision: The District Court found that Jaslow had violated the copyright, and Jaslow appealed. The Appeals Court affirmed the judgment of the District Court in favor of Whelan Associates.

Precedents: 609 F. Supp. 1325 (E. D. Pa. 1985)

Source Document: (Galler, 1995)

### **Case Brief #6**

Citation: Synercom Technology, Inc. v. University Computing Co., 462 F. Supp. 1003 (N. D. Texas, 1978)

Case Summary: University Computing, in an agreement with EDI, an engineering company, marketed a program that accepted input formatted according to published requirements of a program previously marketed by Synercom. Also as issue were the copyrighted manuals. The primary issue was whether the sequence and ordering of the dated was protect-able by Synercom, that is, were they ideas or expression.

Court Decision: The court decided that the sequence and ordering of the data was the idea, hence not copyrightable, and even if that were not correct, formats are not copyrightable. According to the court's reasoning, "in the usual case sequence, choice, and arrangement have only stylistic significance, rather than constituting ... the essence of the expression." Thus, EDI had violated the copyrights on the manuals, but not on the data formats.

Precedents: None

Source Document: (Galler, 1995)

### **Case Brief #7**

Citation: Honeywell, Inc. v. Sperry Rand Corp. et al., 180 U.S.P.Q. 673, 1973 WL 903 (D.Minn.)

Case Summary: Sperry Rand had acquired the patent previously obtained by J. Presper Eckert and John Mauchly, inventors of the ENIAC computer at the University of Pennsylvania. Illinois Scientific Developments, Inc., a subsidiary of Sperry Rand, charged Honeywell with infringement of the patent. Honeywell's defense was to argue that the patent was invalid. The latter's claim was based on knowledge that Mauchly was alleged to have obtained about a computer that had been built at Iowa State University by John V. Atanasoff. Atanasoff had built a computer to solve ordinary differential equations, and the computer had only partially worked. Eckert and Mauchly had included in their patent claims some inventions that Atanasoff argued was his.

Court Decision: The court found that because of the visit to Atanasoff, Mauchly had indeed claimed some of Atanasoff's ideas. The patent was declared not valid.

Precedents: None

Source Document: (Galler, 1995)

### **Case Brief #8**

Citation: Allen-Myland, Inc. v. IBM, 770 F.Supp. 1004, 1014 (E.D.Pa. 1991)

Case Summary: Allen-Myland (AMI) was charged with copyright infringement by IBM (after AMI had charged IBM with violating the Sherman Antitrust Act). AMI had made copies of part of the information needed to properly reconfigure large mainframe systems. They had also created new versions of this information by combining portions of the originals, which they then used in reconfiguring systems. Some of these new versions did not work properly in customers' systems.

Court Decision: AMI was found to have infringed IBM's copyright, and was ordered to cease making new copies. Certain questions of implementation of the injunctive relief decision was delegated to a Special Master for a recommendation.

Precedents: 746 F.Supp. 520 (E.D.Pa. 1990)

Source Document: (Galler, 1995)

Intellectual-property law, the legal regulations governing an individual's or an organization's right to control the use or dissemination of ideas or information. Various systems of legal rules exist that empower persons and organizations to exercise such control. Copyright law confers upon the. The emergence of intellectual-property law. Until the middle of the 20th century, copyright, patent, trademark, and trade-secret law commonly were understood to be analogous but distinct. In most countries they were governed by different statutes and administered by disparate institutions, and few controversies involved more than one of these fields. It also was believed that each field advanced different social and economic goals.