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Intellectual Property in the Food Technology Industry

Protecting Your Innovation

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The authors are all shareholders at the intellectual property law firm of Volpe and Koenig, P.C., and have extensive industry and legal experience. Volpe and Koenig provides guidance on matters relating to patents, trademarks, copyrights, trade secrets, e-commerce, technology joint ventures, non-disclosure agreements, technology acquisitions, licensing and litigation. In addition to food technology, the firm has experience in the electronics, consumer goods, wireless technology, mechanical, medical, chemical, biotechnical and pharmaceutical industries. For more information about the authors or Volpe and Koenig, P.C. please visit www.volpe-koenig.com.

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Intellectual Property in the Food Technology Industry

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Introduction

Creativity can create economic value. This maxim holds true equally for the food industry as for other industries. Such value may come from a new innovation, edging out competitors in a market, creating a revenue stream where there was none, or increasing market reputation. This book provides an introduction to intellectual property law, as applied to the food technology industry. This area of law provides the legal framework for bridging creativity and the value that may come from it. Through the proper use of intellectual property law, one has a much better chance of transforming creativity into economic value.

Intellectual property law recognizes a creator's rights in ideas, innovations, and goodwill. Being intangible, intellectual property differs from real property (land) or personal property (your possessions) that are secured, controlled, and protected using physical means such as fences, locks, alarms, and guards. Because intellectual property is a product of the mind, there is often no easy way to build a "fence" around it. Consider one of the most valuable trademarks in the world: Coca-Cola®. The Coca-Cola Company could not protect this mark with a physical fence. It is intellectual property law that provides a legal fence of trademark protection to protect the goodwill of the Coca-Cola® trademark.

There are a variety of intellectual property pitfalls that await the unwary. Different rules apply to different types of intellectual property (IP). Accordingly, you may forfeit your rights if you do not take the appropriate measures to secure and protect them. Thus, it is important to understand the types of IP protection and the respective rules that govern each type of IP.

1. *Patent*: Patents may be granted for the invention of any new and useful process, machine, manufacture or composition of matter, or any new useful improvement thereof. A patent is a property right that grants the inventor or owner the right to exclude others from making, using, selling, or offering to sell the invention as defined by the patent's claims in the United States for a limited period of time.

2. *Trademark*: A trademark is a word, phrase, symbol, or design, or combination of words, phrases, symbols, or designs which identifies and distinguishes the source of the goods or services of one party from those of others. Trademarks promote competition by giving products corporate identity and marketing leverage.
3. *Copyright*: Copyrights protect original works of authorship fixed in a tangible medium of expression. Copyrighted works include literary, dramatic, and musical compositions, movies, pictures, paintings, sculptures, computer programs, etc. Copyright protects the expression of an idea, but not the idea itself.
4. *Trade Secret*: Generally, a trade secret is any formula, manufacturing process, method of business, technical know-how, etc. that gives its holder a competitive advantage and is not generally known. The legal definition of a trade secret and the protection afforded to a trade secret owner varies from state to state.

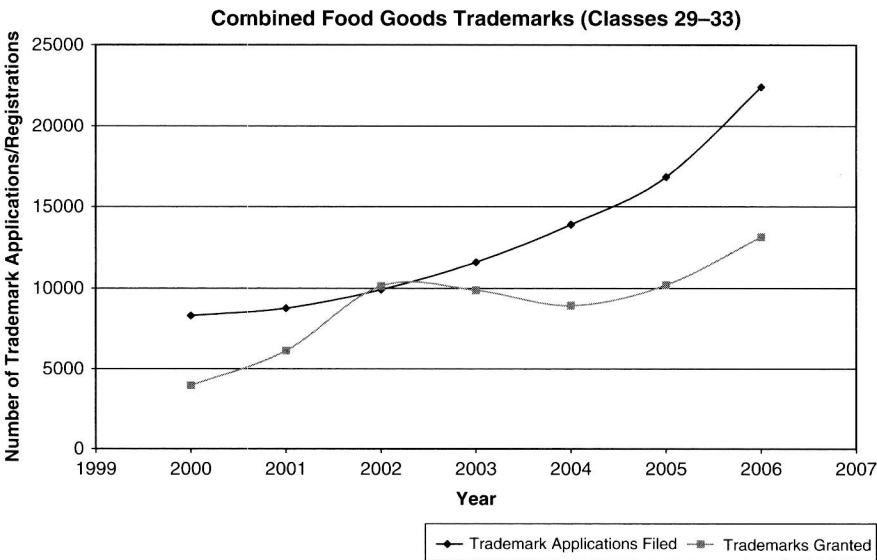
The table below highlights some of the attributes of and distinctions between these different types of IP:

	Patent	Trade Secret	Trademark	Copyright
Underlying theory	Limited monopoly to encourage innovation in exchange for disclosure of invention to the public	Protects proprietary and sensitive business information against improper acquisition	Used to identify the source of a product or service to consumers, and to distinguish the source of products or services from other sources	Limited monopoly to encourage the authorship of works
Subject matter	Processes, machines, articles of manufacture, compositions of matter, asexually reproduced plants, designs for articles of manufacture. Laws of nature, mathematical algorithms, natural phenomena, mental steps, etc. are not patentable	Formulas, patterns, compilations, programs, devices, methods, techniques, processes, etc. that derive independent economic value from being “secret”	Trademarks, service marks, trade names, certification marks, collective marks, trade dress	Literary, musical, choreographic, dramatic, and artistic works <i>limited by</i> idea/expression dichotomy (no protection for ideas, systems, methods, procedures); no protection for facts/research
Legal source	Patent Act (35 USC §100 <i>et seq.</i>)	State statutes (e.g., Uniform Trade Secrets Act); common law	Lanham Act (15 USC §§1051–1127); common law	Copyright Act (17 USC 101 <i>et seq.</i>); some limited common law
Legal standards	Must be patentable subject matter, novel, non-obvious, and useful	Information must not be generally known or readily available. Reasonable efforts to maintain secrecy must be taken	Must be distinctive or carry a secondary meaning (for descriptive and geographic marks), and must be used in commerce	Must be an original work of authorship fixed in a tangible medium

	Patent	Trade Secret	Trademark	Copyright
Scope of rights	Exclusive right to prevent others from making, using, selling or offering to sell the subject matter of the patent	Protection against improper acquisition by others	Exclusive right to use the mark in within a particular territory depending on the type of trademark protection	Exclusive right to perform, display, reproduce, or make derivative works
Term	20 years from application filing date	No time limitation. Protection is available as long as kept secret	No time limitation. Protection is available as long as used in commerce	Generally, the term is the life of the author plus 70 years. For works of corporate authorship, the term is 120 years after creation or 95 years after publication, whichever endpoint is earlier
Enforcement/remedies	File suit for patent infringement. Remedy can be damages (lost profits or reasonable royalty) and injunctive relief	File suit for misappropriation, conversion, or breach of contract. Remedy is typically damages	File suit for trademark infringement. Remedies can include injunctive relief, accounting for profits, destruction of goods, etc.	File suit for infringement. Remedies include injunctive relief, destruction of infringing goods, and damages (actual or profits or statutory damages)

Patents, trademarks, trade secrets, and copyrights all have a strong presence in the food technology industry. Trademarks are perhaps the most common means of IP protection in the food industry. Companies often invest millions in advertising and marketing their brands in order to build up goodwill and consumer loyalty towards their products. Many of the “supermarks”, trademarks that have achieved a level of famousness to be considered a household name, come from food products and services. Marks such as Coca-Cola[®], Cheerios[®], and McDonalds[®] are instantly recognized by the general consuming public worldwide as a designation of source and associated with an expected level of quality. Many purchasing decisions in the food technology industry are based on brand name alone, and that is why so many food technology companies pursue trademark protection, as summarized below:

Class name	Current live applications and registered trademarks	Trademarks registered in 2006	Trademark applications filed in 2006
Meats and processed foods	44,924	3161	5404
Staple foods	68,400	5207	8596
Natural agricultural products	24,503	1753	2798
Light beverages	25,519	1826	4028
Wines and spirits	29,254	2801	4901



As shown, there is a steady increase in trademark filing in the food industry over the period from 1999 to 2006. Companies are increasingly investing in their brand and reputation by filing for trademark protection. It is equally important for a company to secure patent and trade secret rights in its research and development.

Once secured, a company can enforce its intellectual property rights against a competitor. Several notable examples are summarized below.

- (1) In *McNeil-Ppc, Inc. v. Merisant Co.*, Civ. No. 04-1090, 2004 US Dist. LEXIS 27733 (D.P.R. 2004), McNeil, the manufacture of a Splenda[®], filed an action against Merisant, the manufacturer of Equal[®] and Nutrasweet[®], for trade dress infringement and false advertising. McNeil sought a preliminary injunction preventing Merisant from marketing a new no-calorie sweetener in packaging that was confusingly similar to that of Splenda[®]. The court granted McNeil's motion for a preliminary injunction, holding that the McNeil was highly likely to prevail on the merits of its trade dress claim under the Lanham Act. The court's order granting a preliminary injunction included a product recall, and required Merisant to post a bond.
- (2) In *Kemin Foods, L.C. v. Pigmentos Vegetales Del Centro S.A. de C.V.*, 464 F.3d 1339 (Fed. Cir. 2006), Kemin Foods filed a patent infringement suit against Pigmentos for infringement of two patents directed to purified lutein that is extracted from plants. The defendant filed a counterclaim seeking a declaratory judgment that Kemin's patents were invalid and unenforceable. The court of appeals affirmed the district court's holding that the patent claims were not invalid, and that Kemin Foods was entitled to damages based on defendant's infringement of its patents.
- (3) In *Michael Foods v. Papetti's Hygrade Egg Prods.*, 1994 US App. LEXIS 18323 (Fed. Cir. 1994), the plaintiff filed an action against the defendant, an egg company, for infringement of patents directed to egg product pasteurization. The patent claims a method for ultrapasteurizing a liquid egg product. The plaintiff was successful in enforcing its patent against the defendant on summary judgment, which was upheld by the court of appeals.

The above cases were filed in federal court to enforce federal IP rights. Another commonly used option is to file suit in the International Trade Commission (ITC) to prevent the importation of articles that infringe a valid and enforceable US patent, registered copyright, or trademark. Some food-related investigations brought in the ITC include patent infringement claims against foreign manufacturers for plastic food containers and plastic grocery bags. See *Plastic Food Containers*, ITC Inv. No. 337-TA-514 (2005), *Plastic*

Grocery and Retail Bags, ITC Inv. No. 337-TA-492 (2004). In both cases, the complainant was successful in obtaining an exclusion order to prevent importation of infringing articles into the United States. In another case, a soft drink company, Kola Columbiana, was able to obtain limited exclusion orders against various Colombian companies infringing Kola Columbiana's trademark and trade dress. *Soft Drinks and Their Containers*, ITC Inv. No. 337-TA-321 (1991). In yet another food-related case, Yamasa Enterprises, a California-based manufacturer of fish and seafood products, obtained a limited exclusion order to prevent several foreign companies from infringing its registered trademark. *Asian-Style Kamaboko Fish Cakes*, ITC Inv. No. 337-TA-378 (1996).

This book illustrates how intellectual property rights can apply by presenting the example of a fictitious company, Tastewell Industries, and its development of a new cheese product that consists of a mixture of certain processed cheese and various fruits.

Part I of this book provides a comprehensive overview of the most common forms of intellectual property rights. Part II provides guidelines for how food technology companies can properly secure, implement, leverage, and enforce their intellectual property rights.

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Part I

Overview of Intellectual Property Rights