



Protecting Your Intellectual Property; an Interview With Dr. Michael Sartori

As seen in the December 10, 2010 issue of the Global Toy News Blog.

Richard: Exactly what falls under the category of “intellectual property” and what does an “intellectual property” attorney do?

Michael: In general, “intellectual property” is an intangible creation by a human that can be protected by the law, although not all intangible creations are legally protectable. Intellectual property is distinguished from real property, such as land, and tangible property, such as your car. Four types of intellectual property that can be legally protected include copyrights, trademarks, patents, and trade secrets. Importantly, intellectual property are assets that contribute to the value of a company. An “intellectual property” attorney can team with a company to build and monetize the company’s intellectual property, enforce the company’s intellectual property against competitors and counterfeiters, and even defend against another company’s intellectual property assertions. In addition, an intellectual property attorney can assist a company with negotiating intellectual property rights and preparing and reviewing licensing contracts.

Richard: There is so much information on the Internet, is it still necessary to use an attorney in protecting one’s intellectual property? If so, why is it important?

Michael: If you are serious about protecting your intellectual property, an attorney at some point will likely be needed. In obtaining legal rights for your intellectual property, copyright applications are relatively easy to complete and file, trademark applications are a bit more difficult, and patent applications are complex. To conserve budget, small companies sometimes prepare and file applications on their own or hire an attorney who is not experienced in intellectual property to do so. However, once problems arise in trying to convince the U.S. Copyright Office or the U.S. Patent and Trademark Office to grant legal rights from their application, applicants often turn to more experienced attorneys to assist them. Unfortunately, correcting mistakes may often be expensive and difficult, if not impossible to remedy. As to licensing deals, a company may want an intellectual property attorney to review the contract or possibly handle some of the negotiations. And, of course, if a company needs to litigate over intellectual property to stop competitors or counterfeiting, an attorney well versed in the area is needed.

Richard: Most people know that they need protection in the United States. In what other countries do they need protection and why?

Michael: So far, we have been generally discussing United States protection, which requires a United States attorney. However, to obtain protection in other countries, a company needs to engage intellectual property attorneys registered in those countries, which is best coordinated by the United States attorney. Trying to obtain intellectual property protection outside the United States is often very costly, due to the costs for the foreign attorneys and the foreign intellectual property offices. So, a company should only try to obtain protection outside the United States for a good business reason. Often times, answering the following four questions can help a company decide whether to seek such protection and where to file: (1) In what countries do you plan to sell your toys or games? (2) In what countries do you plan to manufacture your toys or games? (3) In what countries do you plan to license others to do (1) or (2)? (4) In what countries do your competitors plan to do (1), (2), or (3)? These questions can be asked for each new product being rolled out and be used to determine a “foreign filing” strategy. Unfortunately, the decision on whether to seek

protection outside the United States often needs to be made before it is known whether a toy or game is commercially viable.

Richard: Some people wonder why they need protection when there is so much intellectual property piracy in the world (particularly in China). Can you provide some insights?

Michael: Counterfeiting is indeed a major concern. Global counterfeit sales have been estimated to be between \$200 billion and \$600 billion a year, which amounts to between 2.5% and 7% of all world trade. For a toy or game company, loss of sales and value are not the only injuries. Counterfeiting can undercut the reputation and good will of a brand that a company has worked hard to build. Seeking intellectual property rights can help preserve a company’s innovations, and the mere possession of intellectual property rights can even serve as a deterrent, albeit unquantifiable. Once acquired, intellectual property rights can be enforced in the United States and worldwide. From a strategy standpoint, seeking intellectual property protection prior to launch is often important. Once launched, an intellectual property enforcement and anti-counterfeiting program can be instituted for the United States and, if needed, worldwide to put a stop to copyright, trademark and patent infringement.

Richard: What is the biggest error that you see people make regarding intellectual property?

Michael: Lack of an intellectual property plan or a do-it-yourself effort often lead to most problems that we see. Based on our experience, it is usually beneficial and cost-effective to consult an intellectual property attorney early in the product development process, rather than waiting until problems arise that are difficult and costly to fix, if not impossible to be fix. Take copyrights, for example. A company may register for a copyright for a new game or toy but not actually be the owner of the copyright. Also, registering for copyright protection prior to launch can enable a company to

obtain both statutory damages (where actual damages may be difficult to prove at trial) and attorney fees from an infringer. Depending on where a copyright infringement suit is brought, filing or registration of the copyright is needed, and a rush copyright application can be very expensive. For trademarks, launching a product without a proper search of existing trademarks may lead to withdrawing the product from the marketplace and an expensive renaming effort. In addition, do-it-yourselfers often are not skilled at searching in the same manner that the Trademark Examiners use when reviewing a trademark application, which can lead to an inaccurate assessment whether a trademark can be registered. As to patents, launching an innovative toy or game, or even publicly disclosing it without a non-disclosure agreement, may start a one-year clock for filing a patent application, and this period may be expired by the time a company realizes that patent protection would be very helpful. Also, filing for a patent application is more than filing in a form, and as such, preparing a patent application without using a patent attorney can jeopardize the rights being sought.

Richard: Do you have a toy in your office?

Michael: Yes, I do! I have “The Sweet Machine,” which is a miniature bear claw-type arcade game. The goal is to use the claw to grab candy, instead of a stuffed animal as in the arcade version, and place the candy in the out slot before the timer runs out. My four children gave it to me as a gift. So, before they visit me at my office, I top off the candy and ensure that the batteries are fully functioning!

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