



# Introduction to IP for Exporters



**Michael A. Leonard II**

President and Co-Founding Partner

LEONARDPATEL PC

[www.leonardpatel.com](http://www.leonardpatel.com)



## Why Seek IP Protection?

- As an exporter, it is critical to consider intellectual property protection and possible infringement in each nation you plan to do business in or already do business in, both domestically and abroad
- Product may be barred from sale in foreign nations if you infringe the patents of others
- Company and/or product names may need to be changed to do business if you infringe a trademark (may be beneficial in some cases depending on language and culture, but potential loss of goodwill)
- Product or brand may be copied if you lack protection



# Why Seek International IP Protection? (cont.)

- “In the age of the knowledge economy, the efficient and creative use of knowledge is a key determinant of international competitiveness, wealth creation, and improved social welfare.”

Kamil Idris

WIPO Director General



## Some Types of IP

- **Utility Patents**
  - Allow a patent holder to prevent others from making, using, or selling a claimed invention; covers functionality
- **Design Patents**
  - Cover ornamental designs
- **Trademarks**
  - Identify a brand (e.g., a company, a product, etc.)
- **Copyrights**
  - Protect artistic expressions
- **Trade Secrets**



## Key IP Considerations for Exporters

- Where will the product be sold/produced (including components)?
- What similar patents / trademarks / copyrights are held by others in each nation (clearance search may be beneficial)?
- Is it too late to obtain protection?
- Are there any “squatters,” and does the nation provide a suitable mechanism for dealing with them (e.g., cancellation)?



## International Patent Basics

- Nations around the world use a first-to-file system
- Disclosing the invention in a publication, selling, or offering to sell the invention is often **fatal** to the ability to obtain patent protection
- After filing in one nation, filing in other nations or PCT can occur within the next **year**
- After this time, foreign protection is no longer possible



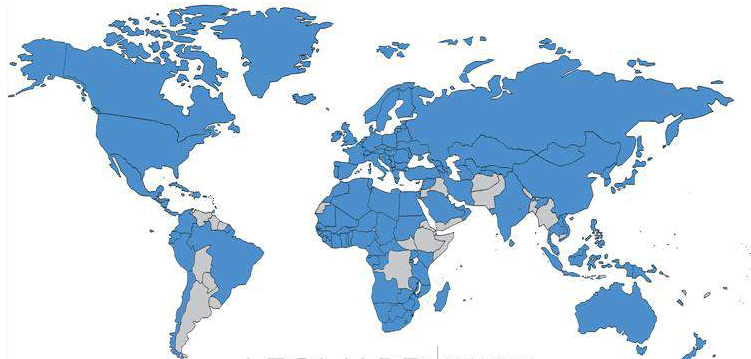
# Patent Cooperation Treaty (PCT)

- The PCT allows for the filing of **placeholder** applications that preserve the priority date of the original application and the ability to enter the national stage in member states
- **No patent** will ever issue from a PCT application
- PCT application buys 30 months from the filing date of the earliest priority application
- Original application can be domestic provisional/non-provisional patent application or PCT application itself
- PCT must be filed within **one year** of the filing date of the original application



## PCT Member States

- As of January 1, 2015, there are 148 PCT contracting states
- A complete list can be found at [http://www.wipo.int/pct/en/pct\\_contracting\\_states.html](http://www.wipo.int/pct/en/pct_contracting_states.html)



## Non-PCT Member States

- Most industrialized nations are PCT members, but not all
- Notable exceptions include Argentina and Taiwan
- Most non-member states are not good candidates for patent filing if the technology is reasonably advanced since the knowledge and equipment needed for production is generally not present

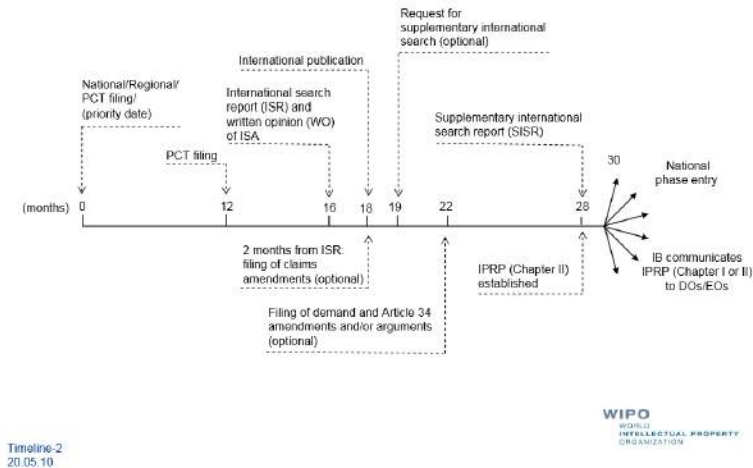


## Steps for Filing PCT Application

1. File original application with USPTO (provisional, non-provisional, or PCT application)
2. File PCT application with receiving office (USPTO) within one year of original application if PCT application was not original application (if PCT application is the original application, U.S. national stage application must be filed later)
3. Respond to Invitation to Correct Defects, if received
4. Report International Search Report and cited art in related U.S. applications
5. File national stage applications



# PCT Timeline



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## International Trademarks - the Madrid Protocol

- The Madrid Protocol is an international treaty that currently allows a trademark owner to simultaneously seek registration in 93 countries by filing an international application
- Unlike a PCT application for patents, an international application under the Madrid Protocol can lead to registration in its member states
- Member states can be found here  
[http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=8](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=8)

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# Madrid Protocol Steps

1. File a U.S. trademark application with USPTO
2. File an international application including an identical or narrower list of goods or services
3. Submit corrected international application to USPTO, if needed
4. Respond to Notice of Irregularity from WIPO, if needed
5. Mark is registered in contracting states if the respective contracting state grants protection or fails to respond within 18 months



# Madrid Protocol Priority

- A Madrid Protocol international application must be filed within **six months** of the original application to claim its priority
- Otherwise, the priority date for international filing is the date the international application is filed





## What is a U.S. Utility Patent?

- A negative right granted by the U.S. Government via the U.S. Patent and Trademark Office (USPTO) to **exclude** others from making, using, offering for sale, or selling an invention in, or importing the invention into, the U.S.
- This right lasts for no more than 20 years from the date the patent application was filed, and no less than 17 years (given no undue applicant delay)
- The U.S. patent system is now a **First-to-File** system; hence, absent certain considerations, the first person to file a patent application gets patent rights, not necessarily the first to invent (more on this later)



## What is an Invention?

- A new, useful and nonobvious process, machine, manufacture, composition of matter, or any new and useful improvement thereof
- Includes machines, consumer products, software, electronics, chemicals, etc.
- Abstract ideas, laws of nature, and natural phenomenon are **not** inventions in U.S. patent law
- Contrary to popular belief, patents do not protect mere **ideas**, but rather the tangible embodiments thereof
- Subject matter to be patented does not need to be developed beforehand



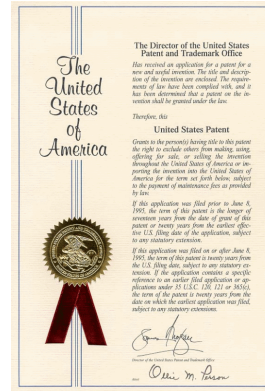
# Patentable Subject Matter

## Subject Matter

- Process
- Machine
- Manufacture
- Composition of Matter

## Characteristics

- New
- Useful
- Nonobvious



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## How are U.S. Patents Obtained?

- File a nonprovisional utility patent application and accompanying documents with the USPTO
- Prosecute the patent application before the Patent Examiner (usually at least two years after filing unless accelerated)
- Pay issue fee and maintenance fees thereafter if the application is allowed



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# Types of Patent Applications

- Utility Patent Application: What most people think of as a “regular” patent application; this may eventually issue as a U.S. patent
- Provisional Patent Application: Acts as placeholder for **one year** that subsequent nonprovisional application can rely on
- Patent Cooperation Treaty (PCT) Application: Preserves foreign filing rights for 30 months after U.S. filing in member states
- Design Patent Application: Protects ornamental features instead of functionality, unlike the other patent applications; term is 14 years
- Plant Patent Application: Covers the propagating material of new plant varieties (seeds, cuttings, divisions, and tissue culture) as well as harvested material (cut flowers, fruit, and foliage); cannot be uncultivated; same term as utility patent



## How Patents may be Used

- Reduce the number of competitors in the market
- Discourage would-be competitors from entering the market
- Sell the patent
- License the patent to others (exclusive v. non-exclusive)
- Cross-licensing, joint development, or joint marketing for needed technology or marketing resources
- Confidence for venture capitalists or other investors
- Increase the value of the company
- In the case of liquidation, sell the IP portfolio separately
- Pursue infringers
  - Prohibit infringement
  - Encourage licensing
  - Collect infringement damages
- Defend against assertions of infringement



## Prior Art

- Prior art is a disclosure, public use, or sale prior to the filing date of a patent application that may block Applicants from obtaining a patent
- It is often beneficial to have a patentability search conducted prior to filing
- Prior art includes:
  - Prior public use, sale, offers for sale, or otherwise publicly available (both domestic and foreign post-AIA)
  - Prior publications (papers, websites, ads, etc.)
  - Prior U.S. or foreign patents
  - U.S. or foreign patent application publications published before filing date



## The America Invents Act (AIA)

- On September 16, 2011, the AIA was enacted into law in an effort to more closely harmonize U.S. patent law with the rest of the world
- The AIA was rolled out gradually, and the last of its provisions went into effect on March 16, 2013



## AIA – First to Invent

- The most significant change was moving to a first-to-invent system, which is consistent with the rest of the world
- The first inventor to file will have priority to obtain patent rights
- Exception: If the first filed application is derived from a later filing inventor, that inventor may challenge through a derivation proceeding



## AIA - Grace Period

- Inventors still have one year to file in the U.S. after public disclosure of the invention (either by the inventor or others who derived the invention from the inventor)
- However, after this date, such disclosures become prior art that can be used against a patent application
- Note: Public disclosure often prevents the ability to file internationally



## AIA - Microentity

- While individuals and most entities with less than 500 employees receive a 50% discount on most USPTO fees, the AIA created a new class of filer – the microentity
- Microentities receive a 75% discount on most USPTO fees
- To qualify:
  - Applicant must qualify as a small entity
  - No Applicant or joint inventor filed more than U.S. non-provisional patent applications
  - No Applicant or listed inventor had income greater than \$150,000 in the past year
  - Application must not be licensed or promised to non-microentity



## Review of Patents

- Right granted by the U.S. Government to exclude others from making, using, offering for sale, or selling an invention in the U.S.
- A new, useful and nonobvious process, machine, manufacture, composition of matter, or any new and useful improvement thereof
- Can be used offensively or defensively



# Trademarks

- A legal right to protect the words, names, symbols, sounds, or colors that distinguish goods and services from those manufactured or sold by others and to indicate the source of the goods
- Stems from the public's right **not to be confused** about the source of goods or services
- Trademarks, unlike patents, can be renewed **indefinitely** as long as they are used in commerce



## What can be Trademarked?

- Words and Acronyms
  - APPLE®
  - IBM®
- Logos



- Pictures



## What can be Trademarked? (cont.)

- A combination of letters or words and a logo



- Slogans



- Colors
  - The color pink for Owens-Corning's fiberglass insulation



## What can be Trademarked? (cont.)

- Product shapes



- Sounds
  - The three tone chime of NBC® or the Intel chimes
  - The unique exhaust sound of a Harley-Davidson® motorcycle





# Types of Trademarks

- “TM” is used to denote a trademark that is **not** federally registered with the U.S. Patent and Trademark Office
- “®” is used to denote a trademark that **is** federally registered with the USPTO (a federal trademark)
- Can also register trademarks at the state level, and mere use of a mark for goods and services gives rise to common law rights (limited area, state-specific, not very strong)



# Benefits of a Registered Trademark

- Greater protection (national)
- Deters others from using your trademark
- Provides trademark owner with greater remedies



## Greater Protection

- Protects a company's name or logo, which is often among a company's most valuable assets
- Trademark for goods or services registered by "classes"
- Grants exclusive nationwide ownership of the mark
- Decreases the likelihood of another party claiming that your trademark infringes upon their trademark
- Future right to make the mark "incontestable" after 5 years; provides conclusive evidence regarding the validity of the mark and of the registrant's exclusive right to use the mark
- Can be used as a basis for obtaining registration in foreign countries



## Deters Others

- Right to put a "®" after the mark, alerting others to your registration and preventing the defense of innocent infringement
- Trademarks will appear in trademark search reports ordered by others, likely discouraging others from proceeding with the registration of the same or a similar mark
- The U.S. Patent and Trademark Office will refuse registration to any other trademarks it deems confusingly similar to your trademark (must be used for similar goods or services)



## Greater Remedies

- Grants the right to recover up to triple damages and attorney's fees from an infringer
- Presumption of being the valid owner of the mark
- Increases the likelihood of successfully taking down an infringing Internet domain name via Uniform Domain-Name Dispute-Resolution Policy (UDRP)
- Automatic right to sue in federal court



## Review of Trademarks

- A trademark is a legal right to protect the words, names, symbols, sounds, or colors that distinguish goods and services
- Trademarks may be registered ("®") or unregistered ("TM")
- Registering trademarks provides the benefits of greater protection of the mark, a deterrent from others using the mark and enhanced infringement remedies



# Copyright

- The exclusive right to make copies, license, and otherwise exploit a literary, musical, or artistic work, whether printed, audio, video, etc.
- As a general rule, for works created after January 1, 1978, copyright protection lasts for the life of the author plus an additional 70 years
- For an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication or a term of 120 years from the year of its creation, whichever expires first



## What Copyrights may Protect

- Literary works
- Musical works, including any accompanying words
- Dramatic works, including any accompanying music
- Pantomimes and choreographic works
- Pictorial, graphic, and sculptural works
- Motion pictures and other audiovisual works
- Sound recordings
- Architectural works



## Benefits of Filing a Copyright

- The copyright owner has the exclusive right to do and to authorize others to do the following:
  - Reproduce the work in copies or sound recordings
  - Make derivative works based upon the original work
  - Distribute copies or sound recordings of the original to the public by sales, rentals, leasing, lending or licensing
  - Perform the original publicly, which includes the use of digital audio
  - Display the original work publicly



## Registration

- Registration is generally necessary before you can bring a lawsuit to enforce your copyright
- Registration within three months of the original publication date, or before infringement begins, may allow you to claim "statutory" damages and attorney's fees when enforcing your copyright



# What Cannot be Protected

- Works that have not been fixed in a tangible form of expression
- For example, choreographic works that have not been notated or recorded, or improvisational speeches or performances that have not been written or recorded cannot be copyrighted
- Titles, names, short phrases, and slogans
- Familiar symbols or designs
- Mere variations of typographic ornamentation, lettering, or coloring
- Mere listings of ingredients or contents
- Ideas, procedures, methods, systems, processes, concepts, principles, discoveries, or devices, as distinguished from a description, explanation, or illustration
- Works consisting entirely of information that is common property and containing no original authorship (for example: standard calendars, height and weight charts, tape measures and rulers, and lists or tables)



# Review of Copyrights

- Copyrights grant the holder the exclusive rights to reproduce the work, make derivative works and distribute the work
- Copyrights allow the holder the right to obtain statutory damages if someone infringes the copyright



## Summary

- International IP protection should be considered prior to selling products or manufacturing in a foreign nation
- Patents can be used to prevent others from making, using or selling important technology
- Trademarks protect brands and corporate designations, such as names, logos, slogans and the like
- Copyrights protect literary, musical and artistic expressions



## Questions?



# Thank You!



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## **Global Trade Solutions**

Supporting U.S. Exporters

2015

### **Export Finance Programs for U.S. Exporters**

#### **Export-Import Bank (Ex-Im Bank) & SBA Export Finance Programs**

The US Ex-Im Bank and SBA sponsored working capital guarantee programs assist US exporters with obtaining loans for financing the production of goods or service for export.

#### **Export Credit Insurance (Insured Foreign Receivables Financing)**

Payment protection for U.S. exporters who are shipping to overseas buyers on open account credit terms. Insured foreign receivables can be used as collateral to make financing available to exporters to ease working capital demands.

## Ex-Im Bank and SunTrust Bank Can Assist You!

<i>Your Needs</i>	<i>Our Solutions</i>
<b>Inventory Financing</b>	Working Capital Guarantee
<b>Short-Term Accounts Receivable Financing</b>	Working Capital Guarantee or Export Credit Insurance
<b>1-5 Year Buyer Financing</b>	Export Credit Insurance, Guarantees or Direct Loans
<b>+5 Year Buyer Financing</b>	Guarantees or Direct Loans

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## Ex-Im Bank & SBA Working Capital Loans

- For small-and medium-size U.S. exporters who need export working capital
- Ex-Im Bank maximum = none
- SBA maximum = \$5 million
- Low Fee
  - Up to 1.50% Ex-Im Bank
  - Up to 0.25% SBA
- Low Interest Rate

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## Ex-Im Bank Short-Term Insurance

- Allows U.S. exporter to offer short-term credit directly to international buyers
- Provides policies that protect the U.S. exporter against foreign buyer default
  - Commercial Risks
  - Political Risks
- Insured receivables can be financed by SunTrust Bank to provide low-cost access to money for U.S. exporters

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## Ex-Im Bank & SBA Working Capital Loans

### Use of Proceeds

- Financing for your foreign accounts receivable and export-related inventory
- Purchase finished product for export
- Purchase finished product, raw materials, supplies, labor and overhead to produce goods or services for export
- Support commercial letters of credit issued for the benefit of the US supplier
- Support standby letters of credit serving as performance or bid guarantees

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## Is My Business Eligible?

### Ex-Im Bank & SBA

- Must be located in the United States.
- Must have at least one-year operating history and a positive net worth.
- Must have services performed by U.S.-based employees.
- Must have products shipped from the U.S. to a foreign buyer.
- Can be an indirect exporter

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## Getting Started with Ex-Im Bank or SBA and SunTrust Bank Working Capital Loans

### Application Requirements:

- Ex-Im/SBA joint application form
- Past 3 years' financial statements, plus tax returns if applicable
- Available interim period financial statements
- Guarantors' personal financial statement, plus 3 years personal tax returns
- Personal guarantee of all owners with 20% or more ownership
- Company history – type of business, export experience, etc.
- Ownership and management background
- Transaction information

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## SunTrust Bank Insured Foreign Receivables Financing

### EXPORT CREDIT INSURANCE:

- Protects U.S. exporters against non-payment by foreign buyers due to:
  - Commercial Risks
  - Political Risks
  - 90% - 95% Coverage
- Allows exporters to offer competitive credit terms to foreign buyers:
  - Terms allowable up to 360 days
- Obtain additional financing:
  - As a small business exporter, borrow with higher advance rates and low fees and low interest rate

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## SunTrust Bank Insured Foreign Receivables Financing

### EXPORT CREDIT INSURANCE

#### Who provides it?

Public sector: Ex-Im Bank

Private sector: FCIA, Euler Hermes, Atradius, Coface

#### How much does it cost?

- Insurance premium varies by country, days' terms extended, buyer
- Estimated premium is 0.65% for 60 days of coverage
- \$500.00 to bind the policy

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## SunTrust Bank Insured Foreign Receivables Financing

### Why would an exporter want it?

Protects your open account receivables (A/R) against non-payment by new and/or existing foreign customers

Allows your bank to include in your borrowing base for increased borrowing capacity to support export activity. (Banks typically exclude uninsured foreign A/R and do not lend against it.)

MAKES YOU MORE COMPETITIVE AND HELPS YOU SELL MORE

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## SunTrust Bank Insured Foreign Receivables Financing

### EXPORT CREDIT INSURANCE:

#### What happens if my foreign buyer doesn't pay?

- Tell SunTrust
- SunTrust will contact Ex-Im Bank
- Ex-Im Bank will pay you within 60 days of receipt of a complete Notice of Claim and Proof of Loss form; provided you:
  - Have made a written demand for payment from the buyer at least 30 days prior to submitting the Claim; and
  - Specify in the Claim all amounts outstanding under your insured transactions and uninsured debt with your buyer

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## SunTrust Bank Insured Foreign Receivables Financing

### EXPORT CREDIT INSURANCE:

#### Recoveries

- After paying any Claim, Ex-Im Bank will undertake collection efforts against your buyer
- You will be precluded from any independent recovery actions against the buyer
- Any amounts you receive from the buyer after a Claim payment must be remitted to Ex-Im Bank.
  - Any recovery by Ex-Im Bank shall be applied first to collection costs. The balance shared by you and Ex-Im Bank in the proportion in which the loss was shared.

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## Getting Started with Insured Foreign Receivables Financing

### EXPORT CREDIT INSURANCE:

Simple Application starts the process

Free Quote within 7-10 business days

Contact:

**Michael Filchock**  
**SunTrust Bank**  
**Global Trade Solutions**  
**[Michael.filchock@suntrust.com](mailto:Michael.filchock@suntrust.com)**  
**703-442-1516**

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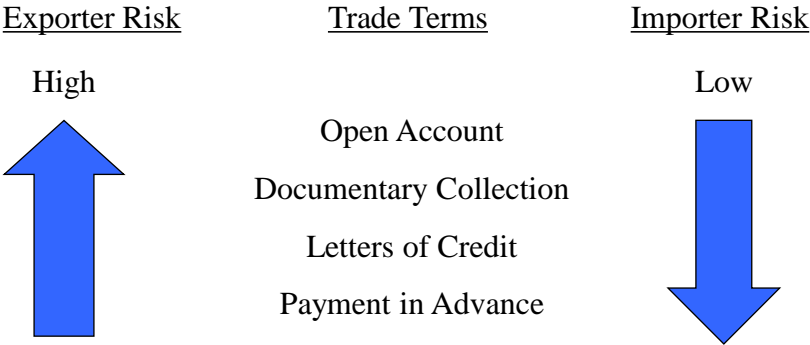
## Ex-Im Bank & SBA Export Finance Loan

Application Requirements:

- Completed Ex-Im Bank and/or SBA Application (obtained from SunTrust)
- Past 3 years' financial statements, plus tax returns if applicable
- Available interim period financial statements
- A/R Aging
- Guarantors' personal financial statement, plus 3 years personal tax returns
- Personal guarantee of all owners with 20% or more ownership
- Company history – type of business, export experience, etc.
- Ownership and management background
- Transaction information



## INTERNATIONAL METHODS OF PAYMENT





## Getting Started with SunTrust Bank Export Financing

### Contact:

Michael Filchock  
SunTrust Bank  
Global Trade Solutions  
[Michael.filchock@suntrust.com](mailto:Michael.filchock@suntrust.com)  
703-442-1516

### Office Locations:

919 East Main Street  
Richmond, VA

8330 Boone Blvd  
Tysons Corner, VA

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