

# Intellectual Property and Michigan

an overview of the law, prospects and  
pitfalls in patent, trademark, copyright and  
trade secret Issues

Presented by IP Law Section State Bar of Michigan

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# IP Law and Michigan

- much IP law is preempted by federal law
  - \*\* - 17 USC – Copyright Statute
  - \*\* - 35 USC – Patent Statute
  - 15 USC – Trademark statute
- State statutes
  - trademark – Chapter 429
  - trade secret – Chapter 448

# IP Law and Michigan --fast facts

- Importance of IP to Michigan by the patent numbers
  - Patents issued to Michigan residents (2006) -- 3700
    - Total utility patents issued in 2006 -- 89,000
    - Michigan rank among 50 states ---- 5
  - Total R&D expenditure in Michigan (2005) -\$18 billion
    - Total US R&D expenditure -- 310,000 billion
    - Michigan rank among 50 states -- 2
  - Industry R&D expenditure in Michigan (2005) – 1\$6.5 billion
    - Total industry R&D expenditures US 220 billion
    - Michigan rank --- 2

# IP Law and Michigan --fast facts 2

- Importance of IP to Michigan by the patent numbers (cont)
  - Academic R&D in Michigan (2005) --- 1.4 billion
    - Academic R&D US -- 47.5 billion
    - Michigan rank – 11
  - Michigan GDP (2006) -- 381 billion
    - US GDP -- 13.2 billion
    - Michigan rank -- 9

# IP Law and Michigan --fast facts 3

- Importance of IP to Michigan by the trademark numbers
  - US trademark registration held by Michigan entities – 35,000
    - Total Us trademark registrations -- 1.7 million
  - Some significant trademark holders
    - GM Ford Chrysler – 1700 live registrations
    - Michigan chemical pharma – over 2000 live registrations
    - Furniture, food commercial -- over 2000 live registration
    - Highly franchised brands --
      - » Pizza – over 200 live registrations
      - » Sports franchises--

# Goal in seeking IP protection

**“I want to carve out some economic space to do business in.”**

- How can the State legislature help?
- What actions could hinder?
- What are the options?

“I have an idea”/ “Do I have a problem?”

Same three principles applied in different sequences:

- **Identify** the strategic/creative advantage
- **Characterize** the strategic/creative advantage
- **Fix** the advantage using legal tools

“I have an idea”

- IDENTIFY
- CHARACTERIZE
- FIX IDEA via Intellectual Property

# Identification

- “Idea” in context of company
- “Idea” in context of community
- “Idea” in context of competition

# Characterization

- Safe guarding investment risk
  - Protecting investment capital
  - Minimizing competitor “blocks”
- Buy-sell relationships
  - w/employees/consultants/developers.
  - w/partners/alliance partners
  - w/suppliers/distributors/customers
- Business Models
- Valuing Creative Advantage

- “Fixing” the creative advantage
  - All creative advantage begins as trade secret
  - Tools in the toolbox for “fixing” this advantage
    - patents,
    - trademarks,
    - copyrights

# Common IP tools

- Patents - protect technological advantage
- Trademarks – protect brand advantage
- Copyrights – protect content advantage

# Important Points to any IP

- Temporal limits
  - must secured within certain time
  - Good for a certain term
- Territorial limits
- Enforcement limits

## Important Points to any IP

- What these limits are depends on the type of intellectual property involved
- Regardless of differences and details, *this is property*. It can be bought, sold, licensed and inherited. Disputes and disagreements can be resolved in many of the same ways as real property.

# Fast Facts for busy folks

## Patents – protect technological advantage

### Rights granted:

- Right to exclude anyone from making, using, selling, offering to sell or importing the invention claimed
  - Right to license patent for royalties or enter cross license agreements with competitors
  - Right to money damages from others who make, use or sell the invention without permission
  - Opportunity for injunction; impound of infringing items at border
  - *Intent not required.*
- 
- **TERM** Good for 20 years from application with proper payment of post issuance fees
  - **TIME TO GRANT** about 2-5 years to issue
  - **CONVEYANCE** assignment or license recorded at USPTO
  - **INITIAL OWNERSHIP** Inventor (in US) can transfer by operation of law

# Fast Facts for busy folks

## Trademark – Protects brand advantage

### Rights conveyed:

- Ability to prevent third parties from adopting or registering confusingly similar marks
  - Standard “whether consuming public is confused as to the source or origin of the goods or services associated with a mark”.
  - Prevention can occur in courts or at USPTO.
  - *INTENT is NOT necessary.*
- Association of mark with goods or services potential to expand the mark
- Federal registration – constructive notice of trademark existence
- State registration available
- Common law trademark
  - **TERM** Good indefinitely provided mark is in use in commerce (and statutory renewal requirements are met)
  - **TIME TO GRANT** about 12 to 24 months to publish and issue (Federal)
  - **CONVEYANCE** Typically defined w/sale of company or division, can be licensed

# Fast facts for busy folks

Copyright -- protects content advantage for works  
in a fixed medium

Rights conveyed:

- Reproduction
- Preparation of derivative works
- Distribution
- Public performance and display
- Digital transmission

Rights attach at the time of creation of the work

Can be registered or unregistered

- **TERM** author's life plus 70 years
- **TIME TO GRANT** about 6 to 12 months to issue
- **CONVEYANCE** assignment or license recorded at the Copyright Office
- **INITIAL OWNER** author of work

# Michigan Law – Trade secrets

## MUTSA – adopted 1998

- Provides

- injunctive relief for misappropriation – actual or threatened
- Damages – reasonable royalty or actual damages
- Attorney’s fees award for bad faith missappropriate claim
- Statute of Limitations

# Michigan law -- trademarks

- Trademarks and Service Marks Act, 1969 P.A. 242 as amended. -- modeled after US act
- Oversight – Dept of Energy, labor and Economic Growth

# Michigan Law – trade marks

- Definitions –
  - **Trademark** -- distinguish one producer's **goods or products** from similar goods produced by another. Can show that goods are from a single source or of a certain quality.
  - **Service mark** -- distinguish a given **service** provided by one business from similar services provided by another, or to distinguish the advertising or sales promotion of an organization.
  - **Trade name** functions to identify a business entity and to distinguish it from other business entities regardless of what goods or services are provided.

# Michigan Law -- trademarks

- 10 year term
- Requires actual use
- Examination against other names on register
  - Distinctive marks
  - Cannot be descriptive or geographical
- Transfer by assignment

# State Trademark Law

- Advantages
  - Extremely inexpensive
  - Good value for local businesses
  - Very straight forward registration procedure
  - Provides a date certain as to when a mark was used

# State Trademark Law

## Drawbacks

- Registration and searching
  - Difficult to access
  - Difficult to search
  - Opaque standard for confusing similarity
    - Measured against trademarks AND corporate registrations

# State Trademark Law

- Drawbacks (continued)
  - Removing trademarks from the register
    - Long term -- 10 years
    - Requires court proceeding to cancel mark
      - Abandoned
      - Improper grant
      - Fraud
  - Renewal procedure
    - Initiated with a state generated letter to TM owner

# Future issues in state trademark law

- Model State Trademark Bill

# Practical issues in IP practice

# Thank you

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# APPENDIX

## 2006 STATISTICS NATIONAL SCIENCE FOUNDATION

### Science and engineering profile: Michigan

| Characteristic   | State  | U.S. total | Rank |
|--|--------|------------|------|
| Employed SEH doctorate holders, 2006                           | 17,900 | 620,140    | 12   |
| S&E doctorates awarded, 2006                                   | 1,066  | 29,854     | 9    |
| Engineering (%)  | 29     | 24         | –    |
| Life sciences (%)  | 22     | 26         | –    |
| Social sciences (%)  | 15     | 14         | –    |
| SEH postdoctorates in doctorate-granting institutions, 2006    | 1,373  | 49,201     | 9    |
| SEH graduate students in doctorate-granting institutions, 2006 | 18,885 | 542,073    | 9    |
| Population, 2007 (thousands)                                   | 10,072 | 305,563    | 8    |
| Civilian labor force, 2007 (thousands)                         | 5,020  | 154,046    | 8    |
| Personal income per capita, 2006 (\$)                          | 33,784 | 36,629     | 27   |
| Federal spending   |        |            |      |
| Total expenditures, 2005 (\$millions)                          | 64,787 | 2,260,098  | 10   |
| R&D obligations, 2005 (\$millions)                             | 1,105  | 106,845    | 23   |
| Total R&D performance, 2005 (\$millions)                       | 18,372 | 310,194    | 2    |
| Industry R&D, 2005 (\$millions)                                | 16,752 | 222,427    | 2    |
| Academic R&D, 2006 (\$millions)                                | 1,473  | 47,735     | 11   |
| Life sciences (%)  | 61     | 60         | –    |
| Engineering (%)  | 16     | 15         | –    |
| Social sciences (%)  | 9      | 4          | –    |
| SBIR awards, 2000–06   | 802    | 38,825     | 13   |
| Utility patents issued to state residents, 2006                | 3,758  | 89,820     | 5    |
| Gross domestic product, 2006 (\$billions)                      | 381    | 13,235     | 9    |

– = no value possible.

S&E = science and engineering; SEH = science, engineering, and health; SBIR = small business innovation research.

NOTES: Rankings and totals are based on data for the 50 states, District of Columbia, and Puerto Rico. Rankings are based on unrounded totals; they do not account for margin of error of estimates from sample surveys. Employed SEH doctorate holders include only recipients of U.S. doctoral degrees. State estimates for employed SEH doctorate holders may have large sampling errors because the source for these data, the Survey of Doctorate Recipients, was not designed to provide a sample for estimates at the state level; these data are classified by the state where the doctorate holder resides, if known; otherwise, data are classified by employer's location.

Federal obligations for research and development, by agency and performer: Michigan, FY 2005

(Thousands of dollars)

| Agency  | Total     | Performer          |            |                  |                           |                  |                          | Rank |
|---|-----------|--------------------|------------|------------------|---------------------------|------------------|--------------------------|------|
|   |           | Federal intramural | All FFRDCs | Industrial firms | Universities and colleges | Other nonprofits | State, local governments |      |
| All agencies                                  | 1,105,199 | 114,064            | 0          | 204,043          | 732,720                   | 50,203           | 4,169                    | 23   |
| Department of Agriculture                     | 31,140    | 6,580              | 0          | 0                | 24,560                    | 0                | 0                        | 25   |
| Department of Commerce                        | 19,041    | 6,100              | 0          | 10,944           | 1,997                     | 0                | 0                        | 13   |
| Department of Defense                         | 310,867   | 93,351             | 0          | 156,229          | 47,337                    | 13,313           | 637                      | 24   |
| Department of Energy                          | 35,057    | 0                  | 0          | 4,982            | 28,436                    | 1,639            | 0                        | 21   |
| Department of Health and Human Services       | 541,394   | 634                | 0          | 21,032           | 481,577                   | 34,891           | 3,260                    | 11   |
| Department of Homeland Security               | 3,126     | 407                | 0          | 491              | 2,228                     | 0                | 0                        | 25   |
| Department of the Interior                    | 5,979     | 5,361              | 0          | 0                | 396                       | 0                | 222                      | 20   |
| Department of Transportation                  | 2,834     | 0                  | 0          | 1,376            | 1,458                     | 0                | 0                        | 18   |
| Environmental Protection Agency               | 6,884     | 1,631              | 0          | 225              | 4,648                     | 330              | 50                       | 16   |
| National Aeronautics and Space Administration | 23,348    | 0                  | 0          | 6,484            | 16,864                    | 0                | 0                        | 22   |
| National Science Foundation                   | 125,529   | 0                  | 0          | 2,280            | 123,219                   | 30               | 0                        | 8    |
| Rank  | 23        | 24                 | -          | 27               | 9                         | 19               | 25                       | -    |

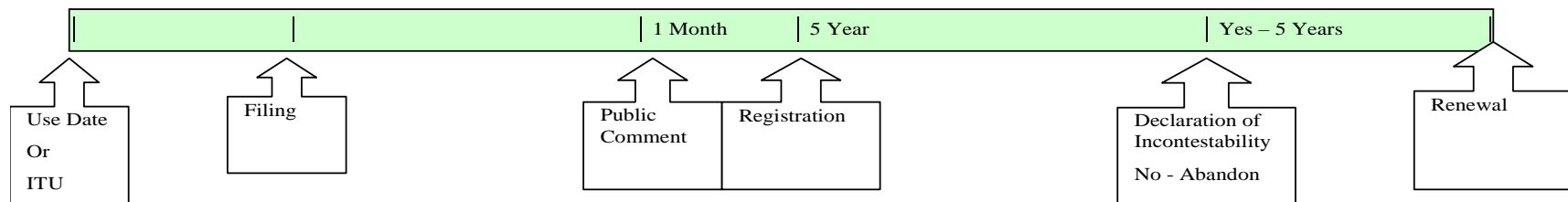
- = no value possible.

FFRDC = federally funded research and development center.

NOTES: Federal R&D obligations are as reported by funding agencies. Rankings and totals are based on data for the 50 states, District of Columbia, and Puerto Rico.

SOURCES: Prepared by the National Science Foundation/Division of Science Resources Statistics. Data compiled from numerous sources; see the section, "Data Sources for Science and Engineering State Profiles".

# TIMELINE FOR U.S. TRADEMARK PRACTICE



# TIMELINE FOR U.S. PATENTS

