CRAFT BEER: A RECIPE FOR INTELLECTUAL PROPERTY PROTECTION

People around the world enjoy craft beers. IP attorneys do too, so much so that my firm, Heslin Rothenberg Farley & Mesiti (HRFM), sponsored a recent Brewers Association Craft Brewers Conference. You can't help but admire the enthusiasm and dedication of craft brewers. The industry has been growing at a rapid pace. For example, upstate New York alone is home to over 400 craft breweries. The experience at the Conference could not have been better, especially the conversations with and information from craft brewers. In fact, because the experience was so positive, it was thought to give back to the craft brewers and the Brewers Association in the form of the information in this blog post. This post seeks to inform craft brewers of various intellectual property protections they may be able to secure: patents; trademark/service marks; copyright; and trade secrets.

There are four types of patents: provisional, utility, design (e.g., nonfunctional shape of a bottle) and plant patents (e.g., a new variety of hops). The invention that is the subject of any of these patent types must be new and not obvious to one of ordinary skill in the relevant art. Utility patents are most likely what people think of as "patents"; they are directed to new and non-obvious inventions, such as equipment used in brewing beer, systems and methods for brewing beer, pharmaceuticals, kitchen gadgets, exercise equipment and computer-related inventions, to name a few. Provisional applications are not examined and act as a place holder for filing a perfecting utility application within one year. Beer recipes and recipes generally are not typically patentable, but may be protected by other forms of IP, for example, copyright or kept as a trade secret, each discussed more fully below. Utility patents have a lifespan of 20 years from filing, but may be longer if the Patent Office materially delayed prosecution, usually due to a backlog of cases.

The second type of patent and one seriously under-utilized type of intellectual property protection across the board, is design patents. In fiscal year 2017, over 600,000 utility patent applications were filed, while less than 44,000 design patent applications were filed. Design patents are directed to an ornamental design applied, for example, to an end product or, as another example, to beer mugs, steins and bottle shapes, certain design aspects of web sites, including craft brewery web sites, for example, screens, icons or even aspects of screen transitions. However, design patents cannot be directed to functional aspects of

a product, for example, a shape for easier gripping; that is the purview of utility patents. In addition, consideration should be given as to whether the subject of the design patent may still be in use after expiration of the patent term; if so, weigh the protection against the result after expiration, namely, dedication to the public. If granted, design patents have a lifespan of 15 years from grant in the U.S. In addition, for craft beer selling outside the country, foreign design patent protection is available in most countries as well. If a design patent application is first filed in the U.S., a six-month window exists in which to file foreign applications and claim priority to the U.S. filing. The same is true for other countries that are signatories to the Hague Agreement, which provides a central repository for design applications, serving to reduce those costs in most cases versus filing in individual countries. Design patents cost less than utility patents, typically less than half the cost of utility applications.

According to the U.S. Patent and Trademark Office, a plant patent is granted by the United States government to an inventor (or the inventor's heirs or assigns) who has invented or discovered and asexually reproduced a distinct and new variety of plant, other than a tuber propagated plant or a plant found in an uncultivated state. The grant, which lasts for 20 years from the date of filing the application, protects the patent owner’s right to exclude others from asexually reproducing the plant, and from using, offering for sale, or selling the plant so reproduced, or any of its parts, throughout the United States, or from importing the plant so reproduced, or any part thereof, into the United States. This protection is limited to a plant in its ordinary meaning and with the following caveats:

A living plant organism which expresses a set of characteristics determined by its single, genetic makeup or genotype, which can be duplicated through asexual reproduction, but cannot otherwise be "made" or "manufactured;"

Cultivated sports, mutants, hybrids, or transformed plants, where sports or mutants may be spontaneous or induced, and hybrids may be natural, from a planned breeding program, or somatic in source. While natural plant mutants might have naturally occurred, they must have been discovered in a cultivated area; and

Algae and macro-fungi are regarded as plants, but bacteria are not.

The information presented above is limited to patents on asexually reproduced plants. While the USPTO does accept utility applications having claims to plants, seed, genes, etc., such practice is beyond the scope of this information. Intellectual property protection for seed-reproduced plant varieties other than a utility patent is available through the USDA’s Plant Variety Protection Office, Washington, D.C.,

which should be contacted for information regarding non-patent intellectual property protection for such varieties.

Federal trademark/service mark registrations protect, for example, a logo or product name (e.g., for beer) where the product is sold outside the breweries state of residency, to a customer in another state or outside the country, collectively referred to as "interstate commerce." The trademark/service mark can be just text or text with a design or a design alone. However, color, sound (excluding voices) and designs serving as trademark/service marks may also be eligible for federal protection. Registered trademarks/service marks have an unlimited lifespan, provided that the mark continues to be used in commerce and post-registration maintenance (e.g., renewal) is timely performed.

Copyright protects, for example, the text on a beer bottle label, graphics, illustrations and music. A copyright is indicated visually by a lower case "c" within a circle or, less common, "Copyright" or "Copr." The form of a copyright notice is [c within circle or one of the other choices] [year of first publication or, if not yet published, "Unpublished Work" and year of creation] [owner's name] and [may also include "All Rights Reserved"]. For example, if the work is an article first published in 2018, the notice typically reads "© 2018 John Doe All Rights Reserved," the last portion being optional.

Copyright, however, does not protect an idea; it protects the expression of an idea from copying, the expression embodied in the words or images used. Breweries may also have other works that may be copyrightable, including brochures, advertising and web pages, for example. The term of a copyright is not as straight-forward as the other types of intellectual property. For works created after January 1, 1978, and depending on the type of work, the term of copyright will be the life of the author plus 70 years or the shorter of 95 years from first publication and 120 years from creation of a work. The term for works created prior to this timeframe is more complicated to determine.

Trade secrets refer to valuable information that may give a brewery a competitive advantage, for example, a beer recipe and things like strategic planning documents or information regarding an upcoming line of beer or other spirits not yet made public. Trade secrets have no specified lifespan and historically have been governed under state law. However, as the name implies, trade secrets will only be treated as such to the extent a craft brewery takes prudent measures to ensure secrecy. State laws may differ on what measures to take, but steps such as having employees sign confidentiality agreements, keeping the information in a secure location, and providing access on a need-to-know basis are common. In 2016, the Federal Defend Trade Secrets Act (DTSA) was implemented, allowing trade secret owners to sue in federal court if the trade secret is used with interstate or foreign commerce. The DTSA, however,

does not preempt the state laws, so that remains an option. Notably, the DTSA uses a broad definition for what constitutes a trade secret, as well as what constitutes "misappropriation" of a trade secret.

If you are still wondering why a brewery would want to seek any of these intellectual property protections, simply stated, intellectual property is an asset, just like office equipment or furniture, that generally adds value to the business. There are as many reasons to seek intellectual property protection as there are the number of breweries. However, some common reasons include to combat copying by others, including those located abroad. Craft brewers invest a lot of time and effort in their businesses and intellectual property, so why not invest in protecting it.

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