IP Part 1: Why Should the Automotive Industry Care About Intellectual Property?

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Part one in a three-part series focused on intellectual property in the automotive industry.

With the technological innovation of vehicle safety evolving rapidly, the world just may experience flying and talking cars as seen in the Disney Pixar film Cars. Intellectual property will continue to play an essential role in helping make attainable that which in the past seemed unattainable.

Not All IP Is the Same

Intellectual property, or "IP", is often misunderstood and confused – to some, everything seems to be protected by a patent, when it may actually be a trademark that applies to the situation or vice versa. The four primary categories of IP – trademarks, copyrights, trade secrets, and patents – are often mistaken for one another.

A trademark or "brand" is anything that identifies and distinguishes the products or services of one company from another company. Owning trademarks allows companies to prevent others such as competitors from using the same or a confusingly similar trademark – it can give a company a significant advantage over competitors in the marketplace. To best protect a trademark, companies can register their trademarks with the state and/or federal government.

Copyrights protect many different works of authorship, such as written works and artwork as well as computer software. A copyright generally gives the creator of the original work exclusive ownership rights to reproduce, distribute, and present the work publicly and control how the work is redistributed to the public. Copyright registration is not essential for protection, but it can provide many enhanced benefits and advantages.

Patents are exclusive rights granted for an invention or innovation, which grants the patent owner exclusive rights to use or license to another an invention or design. U.S. Patents issued by the U.S. Patent and Trademark Office are typically effective for 20 years and are only enforceable in the United States, but international protection can also be pursued. The two primary types of patents are utility and design patents.
A trade secret is any highly confidential information that has great value to a company – it can provide a business with a great advantage over its competitors. Unlike patents, trade secrets can be protected for an unlimited time period provided reasonable precautions and safeguards are maintained. Trade secrets can include formulas, techniques, or programs. Trade secrets are protected by both state and federal law.

IP in the Auto Industry: More Important Than Ever

Intellectual property is among the most important and valuable business assets that a company owns. As innovation and technology is evolving at an accelerated pace, and competition among automotive manufacturers and suppliers is as fierce as ever, intellectual property (and the protection and enforcement of it) will be more important than ever. The automotive industry had the third highest amount of patents and patent applications filed during 2009 - 2014. During this period, the automotive industry experienced the third highest percentage increase in patent filings across the top 12 technology sectors, following only computing and telecoms.

The automotive industry is separated into various categories including safety and security, with all major vehicle manufacturers having joined the "revolution in safety." Automobiles are more than just transportation; they are the most advanced technology owned by consumers.

Historically, motor vehicle manufacturers and suppliers focused on vehicle safety more in terms of engineering technology features such as airbags and seatbelts. Today, vehicle safety has evolved to high-tech cameras, sensors, driver assistance devices, and other technology that mitigate automobile accidents. Modern day technology allows for vehicles to gauge their surroundings, alert drivers of potential threats, and are equipped with features like auto-braking, crash avoidance, and lane departure warnings. Just think of the modern day motor vehicle as a computer on wheels, and intellectual property will continue to play a major role in fostering the innovation evolution.

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