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Law Firm Management News July 2014 - Yours and mine: Protect your law firm's intellectual property assets

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Creating and maintaining a reputable and trusted brand has become increasingly important for all law firms. Trademarks and copyrights are the most important IP rights for law firms and should be given a high level of attention by senior management. Trademarks form the legal basis for protecting a law firm's brand, while copyrights form the legal basis for protecting its knowledge. In order to have a successful and sustainable business, both the firm's brand and knowledge need good management.

Clarifying rights

IP rights are intangible assets and are either creations of minds or are created in the form of distinctive signs. These often give the creator an exclusive ownership and right of use for a certain period of time.

The main types of intellectual property rights are patents, trademarks (which covers both trademarks and service marks), copyrights and related rights, industrial designs, geographical indications, layouts of integrated circuits and, in some jurisdictions, trade secrets.

The type and extent of protection and enforcement of these rights vary around the world, but international agreements have been reached between most countries on the context and protection of these rights.

IP rights can be important, in whole or in part, for product or service-based businesses, depending on the nature of the business. For instance, while patents are the most important IP assets of pharmaceutical businesses, copyrights are naturally more important for film production businesses.

For law firms, trademarks and copyrights stand out among other IP rights as the most important and relevant in relation to their core fields of business and practice. The other IP rights are of less relevance to law firms due to their nature.

Market developments

After marketing and advertising restrictions relating to law firms were partially or completely lifted, starting with the US in the 1980s and subsequently in Europe and other countries around the world, trademarks started to become important to the emerging notions of the branding of law firms and their services. Furthermore, in many countries, the legal profession was opened up to competition from foreign lawyers and law firms.

There are still a significant number of countries (such as India and Turkey) in which attorneys are bound by strict marketing and advertising regulations and in which the monopoly of local lawyers in delivering legal services continues. Firms therefore have limited sources (such as networking, speaking and writing engagements) to create their brands.

Despite such restrictions, international law firms are finding ways of entering into such markets by forming exclusive alliances or global partnerships. As a result of these developments, some law firms have been evolving and adopting corporate-like structures. For instance, in Turkey, firms like Herguner Bilgen Ozeke, Mehmet Gun & Partners and Paksoy have been experiencing such an evolution in the past decade.

Word of mouth is still the most important marketing tool for lawyers and law firms. Reputation and trust created by the lawyers of a law firm over the course of time through networks and successfully-accomplished mandates are probably the most important work referral sources.

In that sense, it is vital that a law firm should adopt and implement a policy for creating and maintaining the brand of the law firm by also using the reputation of lawyers, in most cases partners, of the firm as a lever and integrating them with other marketing tools.

Protecting trademarks

What trademarks do law firms possess? First of all, it is worth mentioning the difference between the terms 'trademark' and 'brand', as 'brand' is sometimes used synonymously with 'trademark'.

While 'trademark' is a legal term, meaning a sign differentiating an enterprise's goods and/or services from others, 'brand' is a term used

in business language and in a much wider sense. A brand refers to a combination of tangible and intangible assets such as trademark, design, image and reputation within the relevant business circle.

In terms of establishing a law firm brand, the first step is to create a distinctive name that is different from others in the legal market. Many law firms are likely to continue to use the surnames of their founding partners when choosing their name and trademark. However, over the past decade, there have also been instances of firms forming other types of word combinations or word-and-device combination trademarks, as witnessed in other industries, for use in the branding of the law firm. DLA Piper, Rouse and Goroditsky & Partners are good examples of law firms that have word-and-device combination trademarks.

Another recent trend has been the use of the first surname of the firm name or the first letters of the surnames of the name partners to create a short name for the firm, possibly to help it to stand out in the minds of prospective clients. Skadden (international), CMS (Europe), TMI Associates (Japan) and BLG (Canada) are some examples of these types of approaches.

Once a firm has adopted a name as a trademark, it should consider filing trademark applications in the jurisdictions that it currently provides services, as well as in those jurisdictions that it plans to enter in the short and medium term. It would be worth filing trademark applications in as many countries as possible if the firm's management team plans for it to become a global law firm.

Internet domain names are not counted among IP rights but, due to their nature, they are related with trademarks and have become very important over the past decade. Therefore, internet domain names for the word parts of trademarks should also be registered before they are used.

Safeguarding copyright

A law firm produces briefs, memoranda, pleadings, contracts, checklists, manuals, email messages, letters, reports, application forms, articles, databases and other written texts in the course of its usual professional activities. All of these are protected under copyright laws in most countries.

Unfortunately, developments in information and communication technologies have made it much easier for ex-employees to copy and reproduce any work products. Copyright protection on work products and knowledge management of those work products have become an important issue for law firms.

The legal services profession is knowledge-based. Researching the legal information relevant to a given case, analysing it, identifying the information to be used and incorporating it into legal advice, briefs and pleadings in a way that would convince a client or judge is the art of delivering legal services and changes from one lawyer to another, depending on experience and expertise.

It is not a new thing that lawyers and law firms collect and use the knowledge that they gain through their former work and experiences and share it with their colleagues. However, with advances in information and communications technologies, the methods of collecting and sharing information have been developed immensely. Institutional knowledge management has become an important issue for most law firms, both in terms of collecting the knowledge of individuals working for the firm and making it available for use of all members of the firm as needed.

The documents produced in a law firm could be broadly classified as forms and templates. Forms will be used by filling in the blanks, while templates are usually best-practice documents generated for certain tasks and can be reused by adapting them to new matters.

Managing the collection and maintenance of work products in a law firm is not an easy task. A system should be set up for the collection of existing work products and for saving versions of them in a database, so that the evolution of the work products can be easily be traced. Software that is currently available in the market, such as Hummingbird, could be used or, alternatively, new software could be tailor-made for these purposes.

All law firms should ensure they retain the copyright on all work products by their professionals and monitor reproductions of work documents. Additionally, as required, everybody, including clients and competitors, should be properly made aware that the law firm is the copyright owner of work products.

Once a system for saving and maintaining the work products is set up by the law firm, it should also consider how to financially benefit from those copyrighted work products. One option could be charging a fixed royalty fee to a client for each and every use of such a work product by a lawyer of the firm for the client, while crediting the creator of the work document. Another option would be to establish fixed fee arrangements with clients where such work products would be used intensively, rather than applying hourly fees.

There will be challenges in creating and protecting the intellectual property rights in a law firm, but these can be dealt with by creating firm-wide awareness of IP rights and ensuring the commitment and contribution of all members of the firm to these rights.

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