Challenges of protecting intellectual property in the software industry

In the fast-evolving and highly competitive technology industry, software developers and owners should exercise strong vigilance to ensure that their creations are properly guarded within the ambit of intellectual property rights. Protecting software, however, involves complex, interrelated issues that encompass a mix of copyright, patent, trademark and trade secrets law.

In this article, we will examine what people in the software industry should know to adequately protect their creations and operate their business with fewer hitches.

Software as a copyrighted literary work: Copyright protection applies to computer source code and is not limited to any particular language. The protection is automatic — i.e. no registration is required — but owners can still record their software as a copyrighted work with the Intellectual Property Department to better prove ownership, should the need arise. The process, known as recordation, is free and uncomplicated.

Newly developed source code can be filed for recordation at any time. Important documents required include a copy of the first five pages and the last five pages of the source code, or a CD containing the relevant software.

Functions and features of software: Copyright law does not protect ideas about functions and features of software, nor does it protect functional user interfaces. For this reason, rival companies can develop the same kind of software and will not be considered to have committed copyright infringement, so long as the software has its own source code.

Ideas about software functions and features may, however, be protected under patent law. Currently, software is not patentable in Thailand, but in some countries, including the United States, it is. Thailand may be moving in this direction, as certain hardware or devices programmed with functions that are novel and involve an inventive step would be deemed patentable under Thai law, but these are considered on a case-by-case basis.

Source code: Normally, after software has been commercially distributed, the source code is kept confidential and is only disclosed in necessary cases. If the source code is kept under appropriate security measures, it may be protectable under trade secret law, which imposes serious penalties on those who intentionally disclose, deprive, or use another party's trade secrets without that party's consent.

Copyright ownership: The copyright of software developed by an employee under an employment contract is owned by the employee, unless agreed otherwise in writing. By contrast, the copyright of software developed under a specially commissioned contract will belong to the commissioning party. However, developers for other parties and their commissioners may agree that the copyright shall be owned by the developers.

Licence agreements: If a customer requires a software developer to deliver source code, the parties should make it clear whether the customer wants to own the source code or merely customise or update the software in the future. This is because a software sale agreement or an agreement to assign copyright to the source code is significantly different from a licence agreement.

If the parties agree to a software licence agreement, under which the source code is required to be disclosed for the purposes of customising or updating the software, the developer may include a provision under which the customer is obligated to keep the source code confidential.

Software licence agreements do not bar copyright owners from granting licences to other parties. As copyright is alienable, licensable and divisible, many types of software licence agreements exist, for example:

Exclusive licence: Only the licensee has the right to make use of the software. The licensor is not allowed to make use of it, nor grant any additional licences.

Sole licence: Only the licensee is allowed to make use of the software. The licensor agrees to not grant any additional licences, but retains the right to make use of the software.

Non-exclusive licence: The copyright owner may grant licences to several users simultaneously and the licensor can also make use of the software. General software programs and mobile applications are normally licensed non-exclusively.

Copyright can be licensed to multiple users, unless expressly prohibited, such as under exclusive or sole licence agreements. If the licensee does not want the copyright owner to grant licences to other parties, the copyright licence agreement must include a clause to this effect.

Registering software brands or logos as trademarks: Developers should create a brand name or trademark, for the purpose of internal reference, as well as for copyright recordation and licensing. Words or devices used as trademarks must not directly describe the nature or characteristics of the goods or services — otherwise, the trademark will not be registrable. Words or devices used as trademarks should be distinctive and must not be identical or similar to other parties' registered trademarks.

Granting a software copyright licence to a foreign company does not require registration. Many software products, however, bear widely known trademarks. Therefore, in addition to a software copyright licence, a copyright owner may have to grant a trademark licence to its customer — such as a distributor appointed in a foreign country. In such a case, the trademark should also be registered in that foreign country.

Final words of advice: Products and services relating to software change rapidly, and sometimes existing protection may not completely cover all aspects of a new, innovative piece of software. Therefore, developers, government bodies and lawyers should regularly exchange ideas and opinions and keep themselves up-to-date to be able to deal with new problems effectively.

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