

# 2022 BERGER ENTREPRENEUR BOOTCAMP

## Innovation Success through IP Copyright, Trademarks, Trade Secrets, and Publicity

### **Vicenç Feliú**

Associate Dean for Library Services  
& Professor of Law  
[vfeliu@nova.edu](mailto:vfeliu@nova.edu)

### **Jon M. Garon**

Professor of Law  
Director, Intellectual Property,  
Cybersecurity, and Technology Law  
program  
[Garon@nova.edu](mailto:Garon@nova.edu)

# The Business Process – Complexity at each Step



- Inventors/Innovators
- Finance & Licensing
- Distributors/Platforms
- Customers

# The IP Framework for Helps Business

- \* **Relevance:** Businesses are financially successful only to the extent they provide what consumers want/need
- \* **Scarcity:** The less available a good or service, the higher the price it commands
- \* **Exclusivity:** Exclusive items (land, jewels, patents, etc.) can be made scarce by their owners. Copyright and trademark can create artificial exclusivity.
- \* **Distribution:** Existing business models make supply chains a poor source of scarcity, but Covid induced supply chain issues have reawakened this concern
- \* **Affinity & Branding:** Businesses should build relationships with customers to expand beyond the core exclusivity so as to increase markets, grow market share, and build resilience from competition
- \* **To Own It :** the busine must (i) identify an unmet need; (ii) provide a unique/exclusive solution; (iii) establish the firm as the preferred (or only) solution to the need; (iv) build affinity for client retention

# Objective and Subjective Needs - Social Relevance

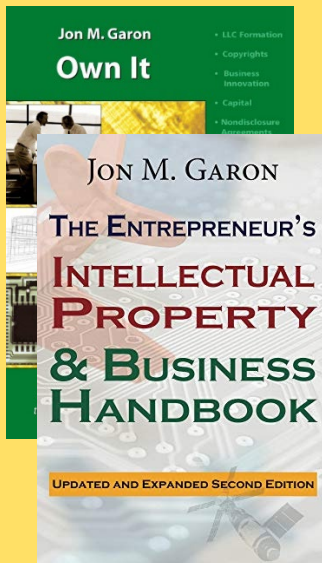
## \* Objective Needs

- \* Objectively relevant items are items that fulfill basic personal or business needs
  - \* Personal - air, water, food, shelter and clothing
  - \* Manufacturing – electricity, phones, labor, materials

## \* Subjective Needs or Social Relevance

- \* Popular luxuries – such as tickets to a “hot” music concert or playoff event in sports- are successful because they are perceived as highly relevant
- \* Top software games, extra features on cell phones
- \* Psychology suggests some social relevance is an objective need

- \* **Market behavior reflects social relevance rather than the hierarchy of needs**



# Customers Need Businesses to Supply Well Being through: Goods, Services, Advice, and Experiences

- \* **Reintermediation** relies upon customer affinity and a behavior of repeated reliance on a particular company to the exclusion of all other providers of that good or service
  - \* Behaviors, installed base, training, risk of unknown will discourage 'churn' or customer disloyalty
  - \* Rewards programs, repeat customer coupons explicitly reward ongoing customer participation
- \* **Affinity** has no legally enforceable parameters while **exclusivity** is based on either exclusive dealing contracts or intellectual property protections



# The IP Handbook Pyramid – Legal Tools

- \* IP and business planning share the task to achieve business success
- \* Today's session focus is on the IP aspect of the pyramid, but both are critical
- \* Two sides of the pyramid are not separate
  - \* Nondisclosure Agreements
    - Feed trade secrets and patents
  - \* Business Innovation
    - Creates all IP, particularly patents
- \* Funding relies on assets and security IP can be used as security for loans and value to support equity purchases



# Categories of Intellectual Property

- \* **Copyright** and rights related to copyright
- \* **Industrial property**
  - \* Patents
  - \* Trademarks
  - \* Trade secrets
- \* **Publicity Rights** – some jurisdictions a property right; others a tort
  - \* (aka identity rights or protection from passing off)
  - \* Value from endorsements and advertising
- \* **Copyright** – Culture can be promoted through
  - \* Protection of integrity of content
  - \* Dissemination to increase understanding, awareness and education
  - \* Copyrighted works maximize the ability to control both the quality and the method of distribution
    - \* Sales, open-source / public domain, public performance
- \* **Trademark** – Sources of goods, methods, service can be promoted through certification trademarks and geographic designations
  - \* Certifications can apply to compliance with traditional methods
  - \* Useful for indigenous cultures and communities
  - \* Perpetual length allows to grow over time

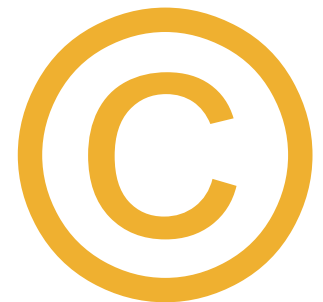
# Intellectual Property Fundamentals

## Copyrights



# What is a Copyrightable Work?

- \* Rights arise automatically upon creation of work.
- \* Protects original works of authorship fixed in a tangible medium, including:
  - \* Books and other literary works
  - \* Paintings, photographs and graphic works
  - \* Music and recordings
  - \* Dramatic and choreographic works
  - \* Motion pictures/audiovisual works
  - \* Computer software/programs
  - \* User interfaces and website pages



# Idea/Expression Dichotomy

- \* Copyright protection does not extend to “any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied...”
- \* Compare copyrights to patent rights, which are generally broader in scope.
- \* Federal copyright registration is not necessary until a lawsuit is filed.

# Authorship

- \* The “author” of the work owns the copyright.
- \* Who is the “author”?
  - \* The person(s) who created the work; or
  - \* If it can be considered a “work made for hire”, then it is the employer or other person for whom the work was prepared.

# Work Made for Hire

What constitutes a “work made for hire”?

- \* A work prepared by an “employee” (i.e., salary/wages paid, taxes withheld, benefits offered, etc.) within the scope of employment; OR
  - \* If the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire,
  - \* **and** the work falls in one of nine specific statutory categories of works: a contribution to a collective work, a part of a motion picture or other audiovisual work, as a translation, a supplementary work, a compilation, an instructional text, a test, answer material for a test, or an atlas.

# Work Made for Hire Independent Contractor

- \* Agreements should state that works created by independent contractors are works made for hire, where applicable.
- \* Agreements should also provide for an assignment of IP rights in the work in case the type of work created does not fall within the statutory definition of a specially ordered or commissioned work.
- \* Benefit as the “author” of a work – rights may revert back to the author in the future.
- \* Many works do not fall under the statutory definition of specially ordered or commissioned work.

# Exclusive Rights

The copyright owner has the exclusive rights to:

- \* Reproduce the work in any form
- \* Prepare derivative works
- \* Distribute copies
- \* Publicly perform
- \* Publicly display
- \* Transmit
- \* Each right above may be licensed separately



# Copyright - Duration

- \* Currently, copyright subsists from creation of work and endures for the author's life plus 70 years
- \* Works made for hire:
  - \* Term is 95 years from publication or 120 years from creation, whichever expires first.

# Copyright – Fair Use

- \* Fair use of a copyrighted work, including by reproduction of copies, for purposes of criticism, comment, news reporting, teaching, scholarship or research is not infringement.
- \* Factors to be considered in determining fair use include:
  - \* Purpose and character of the use, including whether it is of commercial use or for non-profit educational purposes,
  - \* The nature of the copyrighted work;
  - \* The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
  - \* The effect of the use on the potential market for a value of the copyrighted work.

# Copyright – Notice and Registration

- \* Copyright notice may be given: ©, year, owner
  - \* If notice is used, no weights will be given to a defense based on innocent infringement in mitigation of actual or statutory damages.
- \* Registration is permissive, but no infringement action may be commenced until copyright is registered.
  - \* Also, no statutory damages or attorney's fees are available for infringement commenced after first publication of the work, unless registration is made within three months of first publication.

# Copyright – Infringement

- \* Infringement is the violation of any of the exclusive rights
- \* Remedies
  - \* Injunctive relief
  - \* Impounding and disposition of infringing works and means for reproducing them
  - \* Actual damages and additional profits of the infringer, or
  - \* Statutory damages
    - \* \$750 - \$30,000 per work
    - \* Count can increase to \$150,000 or reduce to \$200
- \* Cost and attorney's fees
- \* Criminal penalties – fine, forfeiture and destruction, imprisonment

# Intellectual Property Fundamentals

## Trademarks

# What is a Trademark?

A trademark is any word, name, symbol, or device, or any combination thereof used to identify the source of goods or services and to distinguish the goods or services from those manufactured or sold by others.





# What is a Trademark?

- \* Function of a Trademark
- \* Trademarks can be designs:



- \* Trademarks can be colors or sounds:
  - \* Pink for insulation
  - \* NBC chimes

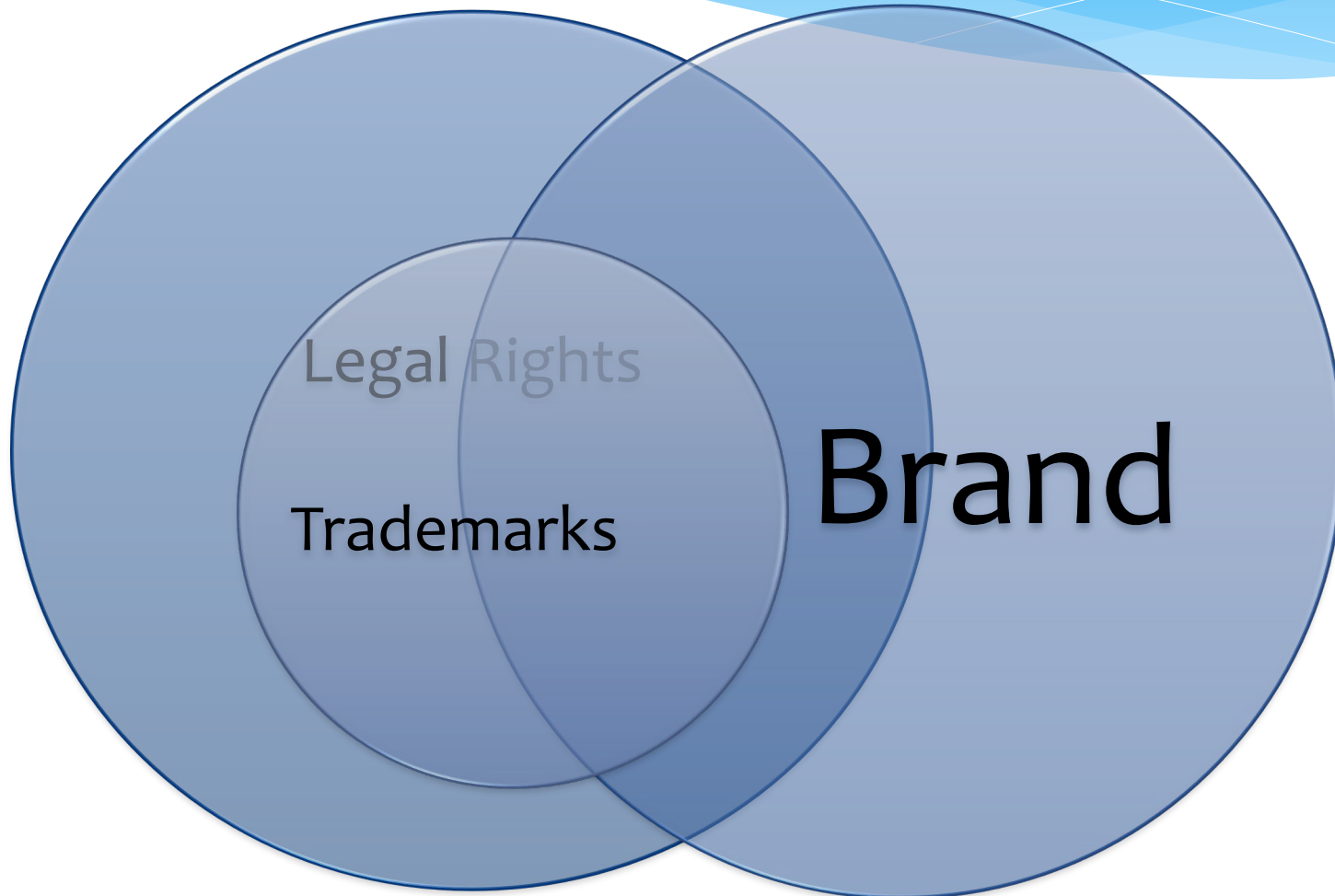
# What is a Trademark?

- \* Function of a Trademark
  - \* Identify and distinguish the goods of the owner from competing goods in the marketplace.
  - \* Guarantee a consistent level of quality.
- \* A trademark represents the goodwill and reputation of a company.

# Brands are Distinct from Marks

- \* Brands are the reflected value proposition – the meaning that bounces back from the consumer based on the efforts of the company in the context of its competition and environment
- \* The Dictionary of Brand defines brand as “a person’s perception of a product, service, experience, or organization.”
  - \* Marty Neumeier defines brand by first laying out what a brand is not: “A brand is not a logo. A brand is not an identity. A brand is not a product.”
  - \* Neumeier goes on to say that “a brand is a person’s gut feeling about a product, service, or organization.”

# Trademarks vs. Brands



# Trademark's Role in Branding

- \* Trademarks and families of trademarks are powerful tools to capture the company's efforts to communicate to its consumers and the public.
  - \* Since brands are the value reflected back, trademarks help construct brands but are never brands themselves
- \* Trademarks are, by definition, those designations that are entitled to legal protection, they anchor the legal protections for a company's legal strategy to protect brands
- \* Trademark law is just one of the legal tools to make a brand

# Acquiring Rights in Trademarks

Rights accrue through use of the mark:

- \* Once a mark is used, consumers begin to associate the mark with a specific product.
- \* The mark becomes a symbol of the company's reputation.
- \* This is a U.S. concept – most other countries recognize trademark rights only on the basis of formal registration.
- \* Rights last as long as use of mark continues.
- \* Consider benefits of federal registration – proof of nationwide protection, federal jurisdiction, litigation advantages.



# Term and Maintenance

- \* Trademark registration term is 10 years from issuance.
- \* Must file affidavit of continuing use between years five and six.
  - \* Can request incontestability to remove some attacks.
- \* Must file for renewal and show continued use between years 9 and 10.

# Remedies

- \* Notice of registration may be given: ®
  - \* If notice is not given and infringement suit is brought, no profits and no damages will be awarded unless defendant had actual notice of registration.
- \* Infringement
  - \* Any use in commerce of any reproduction, counterfeit, copy or colorable imitation of a requested mark in connection with goods or services where such use is likely to cause confusion or to cause mistake or to deceive.
- \* 43(a) – false designation of origin, misleading description of fact
  - \* Federal unfair competition law

# Remedies

(continued)

- \* Relief
  - \* Injunctions to prevent infringement
  - \* Seize and destroy infringing articles
  - \* Recover (1) defendant's profits, (2) damages sustained by plaintiff, (3) costs of action
  - \* Court can multiply damages 3x
  - \* Court may award attorney's fees in exceptional cases

# Trademarks

(continued)

- \* Trade Dress
  - \* Image and overall appearance of a product or its packaging
    - \* Product configuration cannot be inherently distinctive
    - \* Packaging can be inherently distinctive

# Trademarks – Current Issues

- \* According to the U.S. Patent and Trademark Office
  - \* Can only register a domain name as a trademark if it functions as a source identifier
  - \* Advertising one's own products or services is not a service – can't register domain name as trademark used for that purpose
  - \* A surname + top level domain name (“TLD”) is unregistrable

# Trademarks – Current Issues

(continued)

- \* A generic mark + TLD is unregistrable
  - \* e.g. TURKEY.COM for frozen turkeys
  - \* e.g. BANK.COM for banking services
- \* A descriptive mark + TLD may be unregistrable
  - \* e.g. SOFT.COM for facial tissues
  - \* e.g. NATIONALBOOKOUTLET.COM for retail book services

# Intellectual Property Fundamentals

## Trade Secrets

# Trade Secrets

## Examples:

- \* Economic terms of arrangements
- \* Configurations of systems
- \* Underlying software
- \* Methods of doing business
- \* Supplier data
- \* Customer data
- \* User data



# Trade Secrets

(continued)

Protection trade secrets by:

- \* Contracts with third parties
- \* Contracts with employees
- \* Limiting access

# Patents vs. Trade Secrets

- \* A trade secret may be anything that can be and is kept confidential and that provides a commercial advantage.
- \* Example – a method of manufacturing that reduces manufacturing costs and that can be kept secret.
- \* Patent has a limited duration. Trade secret rights may be of unlimited duration (e.g., Coca-Cola formula).
- \* Once a trade secret become publicly known or is reverse engineered, it loses its trade secret status.
- \* One cannot enforce trade secret rights against another who independently develops the same trade secret.

# Intellectual Property Fundamentals

**Publicity**

# Publicity Law Basics

The right of every person to control the commercial use of his or her identity.

- \* Celebrity sponsorship ranks as a popular powerful marketing tool
  - \* Many sports stars and others can expect a greater, and possibly longer-lasting, income from endorsement activities than from the activities that made them famous.
  - \* Some countries protect the property interests in the person's name or likeness, while others protect the public from false endorsements
- \* Where publicity is protected, goods with the name or picture of the celebrity can only be sold by under license from the celebrity

# Publicity Rights now often called Name, Image, and Likeness (NIL) Rights

- \* The term "right of publicity" was coined by Judge Jerome Frank in 1953.
- \* With the recognition of college athletes right to earn income, the term commonly used has become Name, Image, and Likeness (NIL) Rights
- \* The right of publicity is defined as the right of all individuals to control commercial use of their names, images, likenesses, or other identifying aspects of identity.
- \* In certain contexts, the right of publicity is limited by the First Amendment, particularly in non-commercial contexts.
  - \* Even in some commercial contexts, fair use, comment, criticism, and other uses may be permitted.

# Publicity Rights Basics

- Name, voice, likeness, portrait, signature, etc.
- “A person... that uses for advertising purposes, or for the purposes of trade, the name, portrait or picture of any living person without having first obtained the written consent of such person... is guilty of a misdemeanor.” ... “[One so injured may] prevent and restrain the use thereof; and may also sue and recover damages for any injuries sustained by reason ....” NY Civ. Rights Code §§ 50, 51
- Elements for the common law claim
  - (1) used plaintiff’s identity;
  - (2) for defendant’s commercial advantage;
  - (3) lack of consent; and
  - (4) resulting injury [injury not typically required of statutes]
  - *Eastwood v. Super. Ct.*, 149 Cal. App. 3d 409, 417 (1983)

# Publicity Law Basics

- \* 29 states have recognized publicity rights by court decision or statute.
- \* 0 states have refused to recognize publicity rights when the issue has been the subject of litigation.
- \* Federal unfair competition laws (Sec. 43(a) of the Lanham Act) provides a federal action for false endorsement that closely resembles a publicity rights claim, offering federal protection as well. But it is narrower than the state rights.
- \* Duration varies with domicile of individual
  - \* Many states terminate publicity rights at death because publicity rights were initially part of the broader right of privacy
  - \* Statutes have increased the length. Indiana is the longest at 100 years after death.
  - \* Florida – 40 years after death of individual

# Intellectual Property Fundamentals

## **Startup Companies Strategies**



# Where to Start

- \* What IP does the business need to succeed? (Remember the business needs to distinguish itself from its competition.)
- \* To get the needed IP, what does the business create?
- \* To get the needed IP, what does the business license from others?
- \* How does the business stay out of trouble and avoid using unlicensed or unauthorized IP that could result in lawsuits?

# What's in a Name? Clear and Protect

**Clear:** Avoid using a brand name, logo, or domain name that will conflict with a competing business by searching and checking with a service to assure the name is not being used by a competitor

**Protect:** Register Brand Names, Logos, and Domain Names Before Valuing

**Protect the company's right to:**

- \* Use these trade designations when and where the company wants to sell its products or services; and
- \* Prevent other people or entities with a similar business concept from using them.

# Plan for Growth and Success

- \* Proactively complete filing requirements that protect the rights in the US and foreign jurisdictions where the company reasonably expects to do business in the future.
- \* Develop a compliance procedure that lists jurisdictional requirements and budget compliance costs connected to expansion into other jurisdictions.
- \* Register trademarks during the planning process it based on the companies' intent to use goods or services listed in application. But then be sure to complete the use and registration process.

# Tools to Create and Protect Businesses

## Legal

- \* Contractual Duties
- \* Trademarks
- \* Trade Secrets
  - \* Formulas
  - \* Knowhow
- \* Copyright
  - \* Labels
  - \* Icons
- \* Geographic Restrictions
- \* Franchise Agreements
- \* Identity Rights
- \* Advertising Regulatory Compliance

## Non-Legal

- \* Customer Relations
- \* Quality Control
- \* Value Proposition
- \* Product Development Cycles
- \* Distribution Channels
- \* Events
- \* Packaging and Labeling
- \* Spokespersons and Endorsements
- \* Advertising
- \* Affinity Attributes (cues the company aligns its values with the customers)

# Provisions of an IP License Checklist

## **[A] Definition of Licensed Property**

## **[B] Grant of License**

- \* **Uses**
- \* **Limitations**
- \* **Future Technology**
- \* **Quality Control Provisions**
- \* **Social Compliance – wage, environmental, age, working conditions all with audit rights.**

## **[C] Term**

- \* **Termination**
- \* **Wind-down and Post Termination Provisions**
- \* **Early Termination**

## **[D] Territory**

## **[E] Consideration | Payments | Royalties**

## **[F] Representations and Warranties**

## **[G] Proprietary Rights**

- [1] Ownership**
- [2] Protection**
- [3] Improvements**

## **[H] Infringement**

### **[1] Types of Provisions**

### **[2] Grant Licensee an Independent Right to Sue**

### **[3] Require Licensor to Sue**

### **[4] Licensor Actions against Infringers**

### **[5] Agreement by Licensor to Defend Licensee**

### **[6] Duty to Provide Notice**

## **[I] Confidentiality**

## **[J] Indemnification**

## **[K] Assignments and Sublicenses**

## **[L] Liquidated Damages**

## **[M] Supersession/Parol Evidence (Integration)**

## **[N] Insurance**

## **Additional boilerplate**

# Ask First about any License!

- \* What is being licensed?
- \* Will confidential information be disclosed to the licensee subject to obligations of confidentiality?
- \* **WHAT TYPE OF LICENSE?**
  - \* **Exclusive** (i.e. only the Licensee may exercise the licensed rights)
  - \* **Sole** (i.e. only the Licensee and Licensor may exercise the licensed rights)
  - \* **Non-Exclusive** (i.e. the Licensor may continue to exercise the licensed rights and to grant rights of use to other third parties in addition to the Licensee)

# Ask First about any License!

- \* What right(s) does the license grant?
- \* What licensed territory is being granted?
- \* Are the licensee's rights limited to a specific field of use?
- \* Are there rights to grant sub-licenses?
- \* How frequently are royalties paid?
- \* What are the Audit requirements?
- \* What are the terms of indemnification/warranties?
- \* What marketing obligations are required?
- \* What are the obligations for third party infringement?
- \* How is the license terminated?
- \* What happens to surplus stock upon termination?

# Employee-based IP Protection

- \* Employees must have contracts or binding handbooks. Equally important for any independent contractors, gig workers, temps, and family members who help out.
- \* Clear confidentiality provisions to protect trade secrets, customer data, protected customer and business information, lists, recipes, and more.
- \* Agreements provide that IP is assigned back to the company.
  - \* Contracts use both work-for-hire and assignments to guarantee company is the owner of IP created by employees while working for company
  - \* Independent contractors sign similar agreements assigning IP to company
- \* Adopt a company social media policy and educate employees on how to comply with it, including who owns works created by them and whether and how they may share those works outside of the company.



# Establish Internet Policies

- \* Social Media, Data Collection, and Other Online and Mobile Activities can cause significant harm.
- \* Secure the company's rights in its website and other online assets.
- \* Establish a business-appropriate website privacy policy and enforce it.
- \* Understand laws regarding endorsements, contests, and promotions.

# Enforce IP Policies

- \* Develop policies covering privacy and data security laws governing the collection, use, security, transfer, and disposal of the personal information of employees and customers that is collected and maintained by or for the company.
- \* Create a business-specific terms of use agreement for the company's website.
- \* Prohibit employees from commenting on or even mentioning prospective or ongoing funding rounds in social media posts.

# Domain Name Issues

- \* Domain Names are primarily addresses
  - \* But because they frequently also serve a source – identifying function, trademark principles are also implicated
- \* Primarily governed by contract law

# Domain Name Issues

(continued)

- \* Uniform Domain Name Dispute Resolution Policy of the Internet Corporation for Assigned Names and Numbers (“ICANN”)
  - \* Submit to mandatory arbitration if a complainant asserts:
    - \* the domain name is identical or confusingly similar to a trademark or service mark in which the third party has rights;
    - \* registrant has no rights or legitimate interests with respect to the domain name; and
    - \* The domain name was registered and is being used in bad faith

# Domain Name Issues

(continued)

- \* Anticybersquatting Consumer Protection Act
  - \* Liable in civil action by the owner of a mark (regardless of the goods or services of the parties) if:
    - \* have bad faith intent to profit from the domain name mark; and
    - \* register, traffic in, or use a domain name that:
      - \* is identical or confusingly similar to the mark if the mark is distinctive; or
      - \* is identical or confusingly similar to or dilutive of the mark if the mark is famous
- \* In rem actions are available against domain names

# Domain Name Issues

(continued)

- \* Liable if register a domain name that consists of the name of a living person or a name substantially and confusingly similar to the name of a living person:
  - \* without the consent of the person; and
  - \* with the specific intent to profit from such name by selling the domain name for financial gain to the person or a third party.

# Domain Name Issues

(continued)

- \* Domain name purchase agreements – typical provisions
  - \* Assignment grant (with good will)
  - \* Assignor will execute proper papers
  - \* Payment
  - \* Representation as to ownership
  - \* Indemnification

