



ReedSmith

Know your IP: A refresher on trademarks, copyrights, trade secrets and patents

Prepared for **ACC Western Pennsylvania**

Presented by Richard A. Graham

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Driving progress
through partnership

"Call the patent office, copyright the name Green Goblin, I want a quarter every time somebody says it."

- J. Jonah Jameson, *Spiderman* (2002)

Intellectual property

***“Who's on first, What's on second,
and I don't know is on third” (seems to be missing
something to this quote about third)***

- Trademark
- Copyright
- Trade secret
- Patent



Trademarks

What is a Trademark?

- A trademark is any word, name, symbol or device, or any combination thereof used by a person or entity to identify and distinguish its goods or services from those offered and sold by owners
- Trademarks can be colors, sounds, scents, product configurations, slogans or trade dress



What is a Trademark? (cont.)

Functions of a Trademark

- Indicates the source or origin of goods or services
- Assures consumers of the quality of goods bearing the mark
- Creates business goodwill and brand awareness

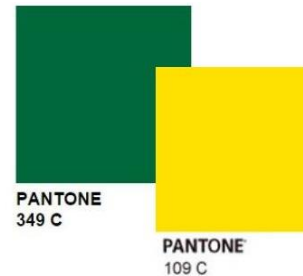
Trademark examples

- The word Apple®
- The name Giorgio Armani®
- The slogan Just Do It®
- The sound of the Yahoo® yodel
- The shape of a Coca-Cola bottle
- The logo for Mercedes Benz



Other trademark examples

- Colors

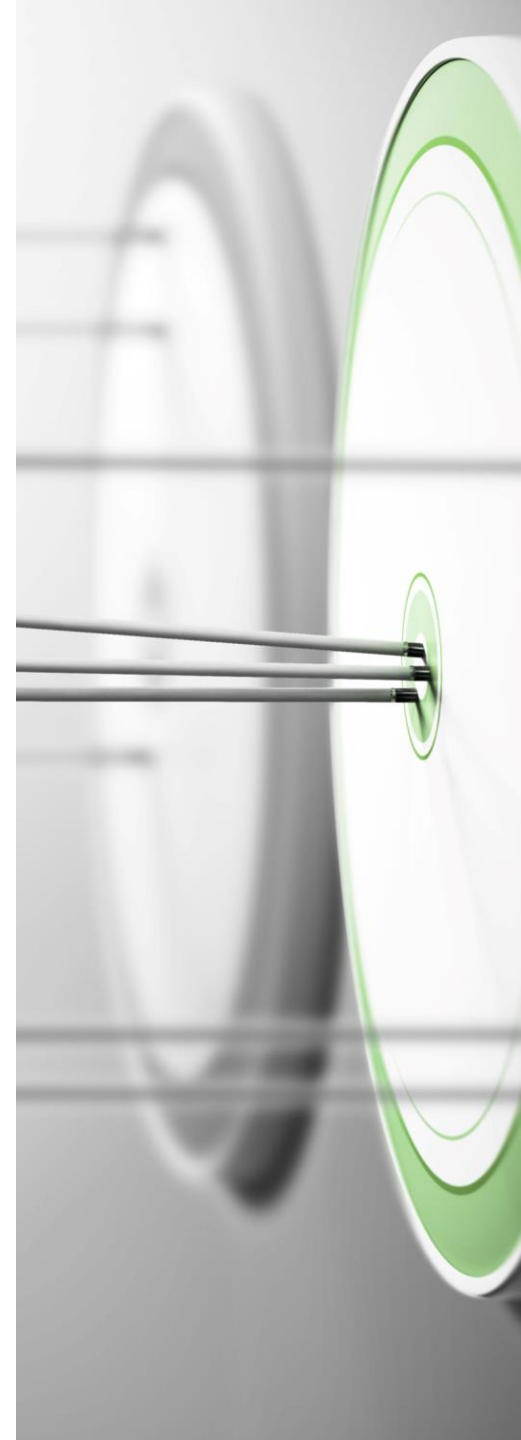


- Sounds



What is a Service mark?

- For all practical purposes, a service mark is the same as a trademark, except that it promotes branded services and events
- The terms “trademark” and “mark” are commonly used to refer to both trademarks and service marks



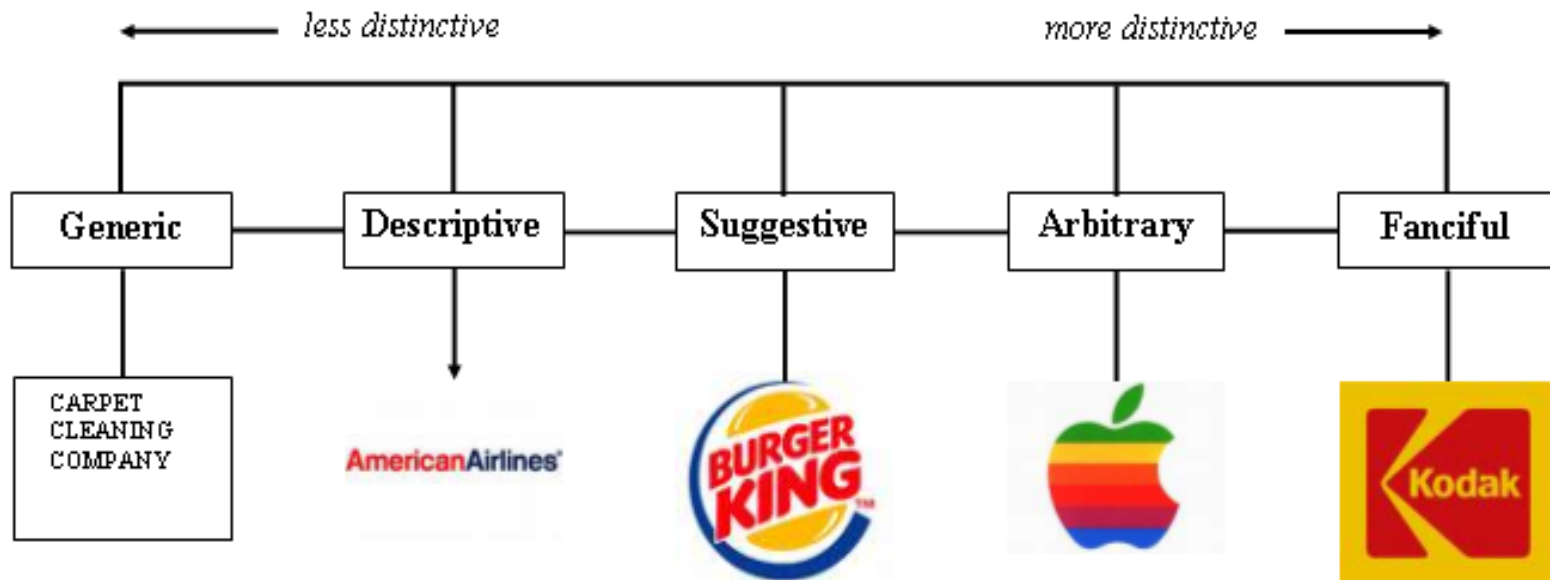
What Is a logo?

- A logo is a trademark, service mark or combination of more than one mark.
- A logo is an identifying symbol of a company.
- Common Pittsburgh Logos are:



How do I choose a mark?

Distinctiveness spectrum



- The more distinctive the mark, the greater its level of legal protectability

Trademark ® - How do you get one?

- Can rely on common law rights (i.e., exclusive and continuous use in a geographical area)
- Can apply for federal registration to U.S. Patent & Trademark Office
 - Examines and allows or rejects
 - Ten (10) year term from date of registration
 - Renewable indefinitely as long as mark is being used

Trademark rights: Common law vs. federal registration

- Federal registration offers several benefits
 - Notice to public of trademark ownership
 - Legal presumption of ownership nationwide
 - Exclusive right to use the mark in connection with the goods or services set forth in the registration
 - Incontestability (after 5 years)
 - Automatic right to sue in federal court
 - Right to recover up to triple damages and attorneys' fees for willful infringement
 - Basis for obtaining registration in other countries

What does the ® signify?

- The ® designates that a mark is federally registered with the U.S. Patent and Trademark Office (e.g., Highmark® insurance)
- Before the trademark is registered, either the TM or SM designation should be used
- The TM symbol designates trademarks for goods while the SM symbol designates service marks for services
- Commonly confused, the © is used to provide notice that a work is copyrighted and is not used with trademarks at all

How to use a Trademark

- While you should register your trademark in the jurisdiction in which it will be used to obtain maximum legal benefits, **any rights that are acquired are maintained through proper and continuous use of the trademark in commerce**
- Not using a trademark in a consistent form can result in lost or reduced rights
- Use caution to avoid trademarks becoming generic:
 - When the public uses a mark as a generic term, the trademark is at risk of becoming the name of a product instead of denoting the brand

Which of the following were initially registered trademarks?

- Nylon
- Kerosene
- Trampoline
- Zipper
- Cola
- Escalator
- Cellulane
- Linoleum
- Crayon
- Aerobics
- Super Glue
- Yo-Yo
- Aspirin

They All Were

Common trademark mistakes

- Failure to clear
- Selecting a highly descriptive mark
- Changing the mark
- Improper use
- Failure to police
- Improper assignment
- Failure to maintain registration



Trademark tips - Look before you leap

- Trademark rights in U.S. are obtained by first person or company to use mark in commerce for particular goods or services in particular market
 - To obtain federal registration, applicant must be first to use mark for the particular goods and services in commerce
 - Once the trademark owner obtains such rights, owner is entitled to stop other later users from using the same mark or similar marks in ways likely to cause confusion

Look before you leap (cont.)

- Someone who wishes to adopt new mark faces risk that someone else may have already obtained rights to the same or similar mark for the same goods or services in the same market or nationally
- A Trademark search is only way to assess that risk

Lesson: Have a trademark search done before adopting a new trademark or filing a new trademark application!



Look before you leap (cont.)

***Alliance Bank v. New Century Bank*, 742 F. Supp.2d 532 (E.D. Pa. 2010)**

- January 2010 – New Century Bank proposed changing its name to "Customers 1st Bank."
 - Executive VP searched the names "Customers 1st Bank" and "Customers First Bank" on Google and GoDaddy.com
 - In February 2010, New Century submitted the name "Customers 1st Bank" to its advertising agency for production of a logo.
- End of February 2010- New Century executives decided to adopt the mark Customers 1st Bank and began the process of changing its name

Look before you leap (cont.)

- March 9, 2010 - New Century requested a Trademark clearance search from its lawyer
 - Clearance search identified Plaintiff Alliance's trademark registration for the mark Customer First
 - New Century did not alter any of its plans to change the bank name after reviewing the Clearance Search and receiving the opinion of counsel (which New Century's President admitted he did not read)
- July 27, 2010 - New Century preliminary enjoined from using Customer First, Customers 1st, Customers 1st Bank, Customers First Bank
 - New Century estimated that it spent \$500,000 to change name to Customers 1st Bank and would have to spend \$500,000 to change it again

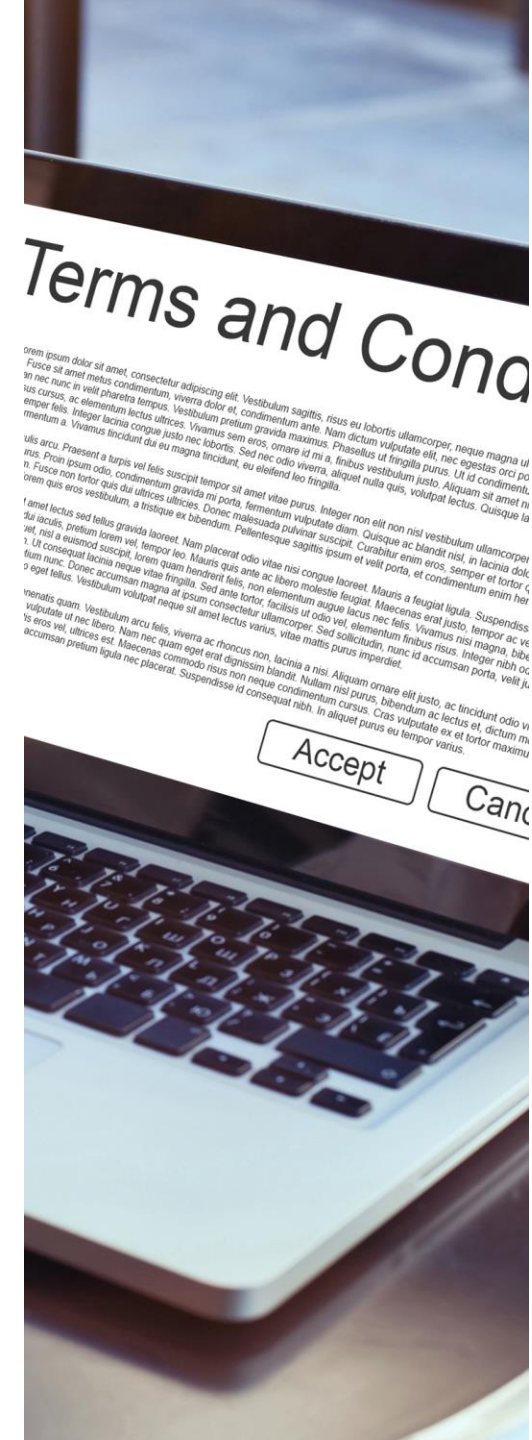
Look before you leap (cont.)

“Even before conducting a trademark clearance search or receiving any opinion from counsel as to the propriety of using Customers 1st Bank, New Century imprudently decided to adopt the mark and invest considerable sums of money on changing its name. Alliance should not be punished for New Century's precipitous behavior. After New Century executives learned about the registration of the mark Customer First, they still continued to use their mark with knowledge of the probability of this lawsuit.”

Lesson: Have a trademark search done and heed the results before adopting a new trademark or filing a new trademark application!

Trademark tips - Use It or Lose it

- Registrants must file affidavit under penalty of perjury confirming use of mark for each and every product or service covered by the registration:
- when the trademark application is filed;
- between fifth and sixth year following registration; and
- after each successive ten-year term



Use it or lose it (cont.)

- Failure to file required affidavit of use within the prescribed time will result in cancellation of a registration in its entirety
- Failure to evaluate and adjust covered goods and services to accurately reflect nature of use can render registration vulnerable to cancellation on grounds of fraud
- Cancellation action can be initiated at any time, by any party, before the TTAB or federal courts

Use it or lose it (cont.)

***Medinol Ltd. v. Neuro Vasx Inc.* (TTAB 2003) (overruled)**

- Registration for the mark NEUROVASX for two goods in one class: neurological stents and catheters
- Two years after registration, Medinol Ltd. initiated a cancellation proceeding claiming failure by Neuro Vasx to use its registered mark on stents
- Neuro Vasx had signed a sworn statement that trademark was in use on both stents and catheters, when it was not
- Board ordered the NEUROVASX registration canceled

Use it or lose it (cont.)

***Melodrama Publishing LLC v. Santiago* (S.D.N.Y. April 11, 2013)**

- Cancelled registration for mark NISA SANTIAGO for series of novels, on grounds that Nisa Santiago had obtained trademark registration fraudulently
 - Admitted she never used the mark NISA SANTIAGO in commerce
 - Admitted she used plaintiff's books as specimens of use in her own NISA SANTIAGO trademark application

Lesson: Only submit affidavit of use for goods or services you are actually using!



Copyright

What Is a copyright?

- Protects the **expression** of “original works of authorship,” including literary, dramatic, musical, artistic, and certain other intellectual works
- Copyright holders have the exclusive right to:
 - Reproduce the work
 - Prepare derivative works based upon the work
 - Distribute (sell, lease, rent, license, etc.) copies of the work to the public
 - Perform the work publicly
 - Display the work publicly

What Is a copyright? (cont.)

- Registration is not required for protection and copyright owner may use the © notice even without registration
- Transfer of ownership of the underlying work (e.g., a book) does not transfer ownership of any of the exclusive copyright rights (e.g., right to reproduce the book or distribute the book).
- Assignment of copyright right must be in writing



Samples of types of copyrighted works

- Operating manuals
- Website contents
- Books
- Music, lyrics, and musical performances
- Computer code
- Marketing brochures or bulletins
- Photographs
- Videos

Samples of types of copyrighted works (cont.)



Copyright ©: How do you get one?

- **Automatically created** once material is **fixed** in a tangible medium
- Term (for works created after 2002):
 - Life of author plus 70 years after the death of author
 - Corporate authorship: 95 years from publication or 120 years from creation, whichever expires first
- Can apply for registration from U.S. Copyright Office
- Can only be enforced in Federal Court in U.S., and **only if registered**

Copyright ©: How do you get one? (cont.)

- Obtaining a Copyright
 - Registration is not required, but confers benefits, including:
 - proof of authorship of the registered work;
 - the right to bring a copyright infringement suit; and
 - the right to statutory damages and to seek attorney's fees
 - Registration is simple, inexpensive and requires submission of a form and of a copy of the work



Ownership/ work made for hire

Copyright ownership vests initially in the author except

- Regular employee:
 - Employer will automatically own the copyright to any works the employee creates
 - While the employee is employed by the employer; and
 - Within the scope of the employee's employment

Work made for hire (cont.)

- Not a regular employee (such as an independent contractor):
 - Employer or company will own work as “work made for hire” **only if** three conditions are met:
 1. Company specifically ordered or commissioned the work
 2. Written contract stating that work is a “work made for hire”
 3. Work was commissioned for use as one of a finite number of works (Note: software or computer code is not explicitly identified as one of the works)



Work made for hire (cont.)

***Berg v. CI Investments, Inc.*, No. 15 C 11534, 2017 WL 1304082 (N.D. Ill. Apr. 7, 2017)**

- Employee argued that software program was not work for hire because it included code that he had written at times when he was not an employee.
- Disagreement about employee's employment status created a genuine issue of material fact precluding summary judgment in favor of employer on ownership issue

Work made for hire (cont.)

***Berg v. CI Investments, Inc.*, No. 15 C 11534, 2017 WL 1304082 (N.D. Ill. Apr. 7, 2017)**

- To determine whether a work was made within the scope of employment, a court must consider the hiring party's right to control the manner and means by which the product is accomplished
- Relevant facts include the skill required to create the work; the source of the instrumentalities and tools; the location of the work; whether the hiring party has the right to assign additional projects to the hired party; the hired party's discretion over when and for how long to work; the method of payment; whether the work is part of the regular business of the hiring party; the provision of employee benefits; and the tax treatment of the hired party.

Work made for hire (cont.)

- Include “work for hire” and copyright assignment provisions in written independent contractor agreements
 - ensures that employer will own the copyrights even if the work is not deemed a work made for hire
- Have employees assign all copyrights in:
 - works created by the employee during employment; and
 - works created by the employee prior to employment that are used in connection with the work

Lesson: Obtain a written work-for-hire agreement that includes an assignment of all copyright rights!

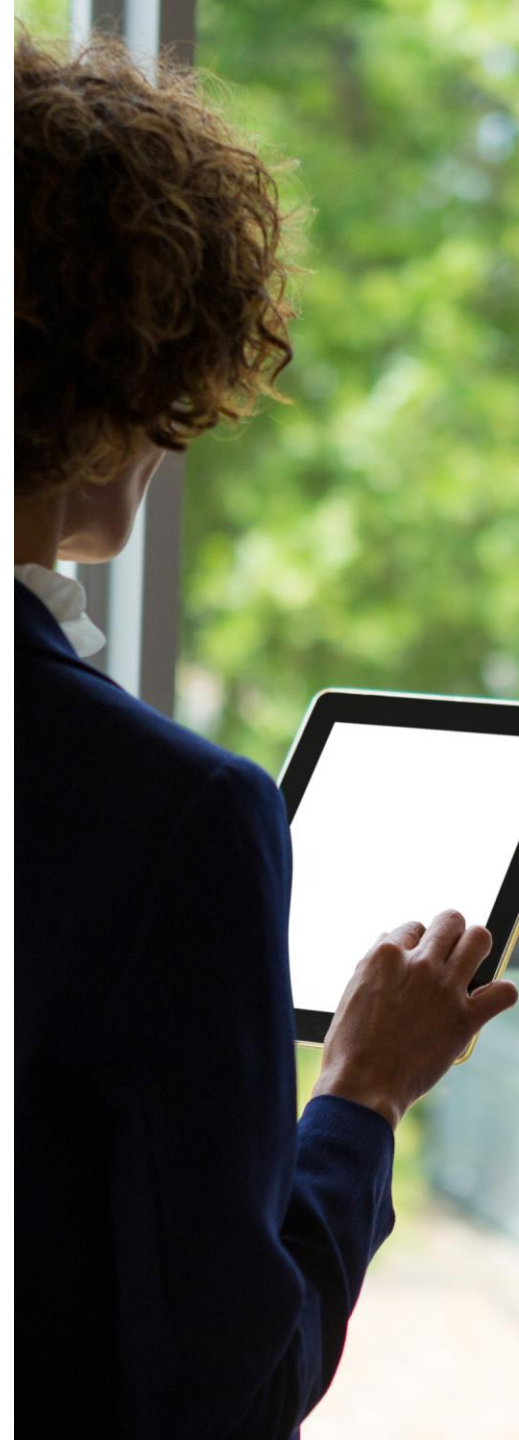
Fair use exception - Not everything in life is fair (use)

- In determining whether or not a particular use is fair, the Copyright Act 17 U.S.C. § 107 lists four factors that should be taken into consideration:
 - the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes
 - The nature of the work
 - The amount and substantiality of the portion used in relation to the work as a whole
 - The effect of the use upon the potential market for or value of the copyrighted work

Not everything in life is fair (use)

- These factors are not meant to be "treated in isolation" but are designed to be "weighed together," and applied with the underlying constitutional purposes of copyright in mind

Lesson: Fair Use requires a fact intensive analysis and is a difficult standard to meet! If you have any doubts ask for permission from the copyright owner.



Not everything in life is fair (use) (cont.)

Penguin Random House LLC et al. v. Frederick Colting d/b/a Moppet Books et., No. 17-cv-386 (S.D.N.Y. September 7, 2017)

- Defendants published "a series of illustrated children's books" or "guides" with condensed, simplified versions of the novels
 - *Breakfast at Tiffany's* by Truman Capote,
 - *The Old Man and the Sea* by Ernest Hemingway
 - *On the Road* by Jack Kerouac
 - *2001: A Space Odyssey* by Arthur C. Clarke

Not everything in life is fair (use) (cont.)

- Defendants argued that the guides were fair use because:
 - They abridged the novels by substantially shortening them;
 - They modified the novels for a younger audience by removing adult themes; and
 - They added a page or two of analysis, two pages of quiz questions, and a few pages of background information to the novels.

Not everything in life is fair (use) (cont.)

- Judge Rakoff held that the books were not fair use:
 - The guides were commercial and not transformative
 - “Fair use, however, is not a jacket to be worn over an otherwise infringing outfit. One cannot add a bit of commentary to convert an unauthorized derivative work into a protectable publication”
 - The novels were fiction
 - The application of the fair use defense must be narrower for fictional and fantasy works than in the case of factual works

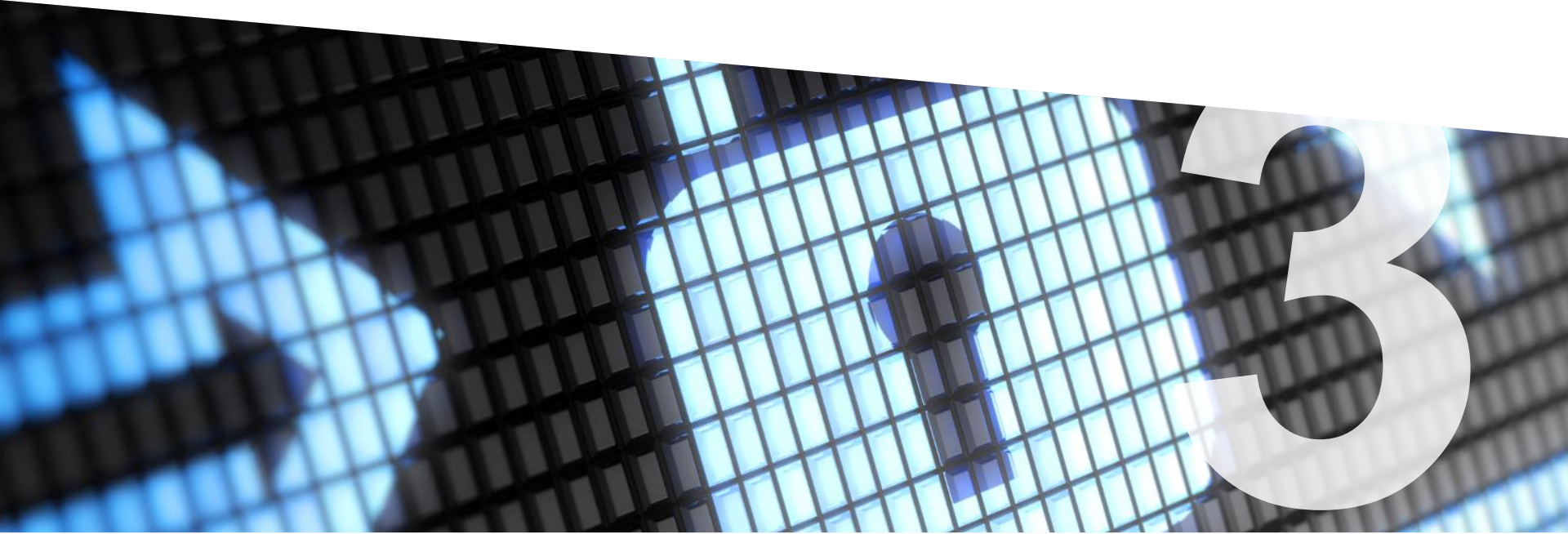
Not everything in life is fair (use) (cont.)

- Judge Rakoff held that the books were not fair use:
 - “In cases of parody, journalism, and criticism, fair use doctrine allows for more of a copyrighted work to be copied than where the purpose is less transformative”
 - But here nearly all of each guide was devoted to telling the copyrighted story, with only two pages purporting to analyze it
- Analysis considered the effect of the guides upon:
 - the market for the original copyrighted novels, and
 - the market for potential derivative works.
 - Did not matter that plaintiff never considered doing a children’s version of the novels
 - there is a market for them and
 - the plaintiff could change its mind.

Not everything in life is fair (use) (cont.)

***Fox News Network, LLC v. TVEye Inc.*, Case No. 15-3885 (2nd Cir. February 27, 2018)**

- TVEyes offers a search engine of video clips from Fox News Network and others
- Court found that TVEyes provides a valuable “transformative” use of Fox’s copyrighted content by allowing users to precisely search the “vast corpus” of available material
- BUT Court held “not justifiable as a fair use”:
 - “[D]eprives Fox of revenue that properly belongs to the copyright holder.”
 - “At bottom, TVEyes is unlawfully profiting off the work of others by commercially re-distributing all of that work that a viewer wishes to use, without payment or license.”



Trade Secrets

What is a trade secret?

- Can be **anything that derives independent economic value**, actual or potential, from **not being generally known** to the public or to other persons who can obtain economic value from its disclosure or use
- Must be the subject of efforts that are reasonable under the circumstances to maintain its secrecy
- More than one person or company can maintain the same trade secret
- Does not protect against independent creation or reverse engineering

What is a trade secret? (cont.)



Information



**Subject of efforts to
maintain secrecy**



**Has value from
secrecy**

Classic examples:



Other examples

- Product designs
- Software and source code
- Customer lists
- Business plans
- Pricing and cost data
- Engineering Drawings
- Manufacturing processes
- Research and development
- Blueprints and prototypes
- Competitor and marketing information

Who is misappropriating trade secrets?

- Insiders (i.e., employees or former employees)
 - Recent Symantec study: 50% of employees who leave their jobs retain employer confidential info; 40% plan to use it in new jobs – not necessarily malicious use, just think it is ok to do so
- Competitors
- Business partners (or potential)
- Customers
- Foreign governments

Impact of theft: Macro stats

According to the U.S. Chamber of Commerce:

- Trade secrets account for 65-70% of the value of U.S. public companies
 - Closer to 70-80% in knowledge intensive industries
- Value of trade secrets in public U.S. companies is \$5 trillion-dollars
- Estimated value of trade secret losses to U.S. businesses is \$300 billion/year

Trade secret: How do you get one?

- No registration with government
- No limit on time as long as it is kept secret (e.g., Coca-Cola® formula)
- Can be enforced in federal or state court in U.S.
- The Defend Trade Secrets Act of 2016 created federal civil cause of action



KISS: Keep it secret, stupid

Trade secret protection can be lost if:

- The trade secret holder fails to maintain secrecy
- The information is independently discovered
- The information becomes released or otherwise becomes generally known



KISS: Keep it secret, stupid (cont.)

Trade Secret Holder Should:

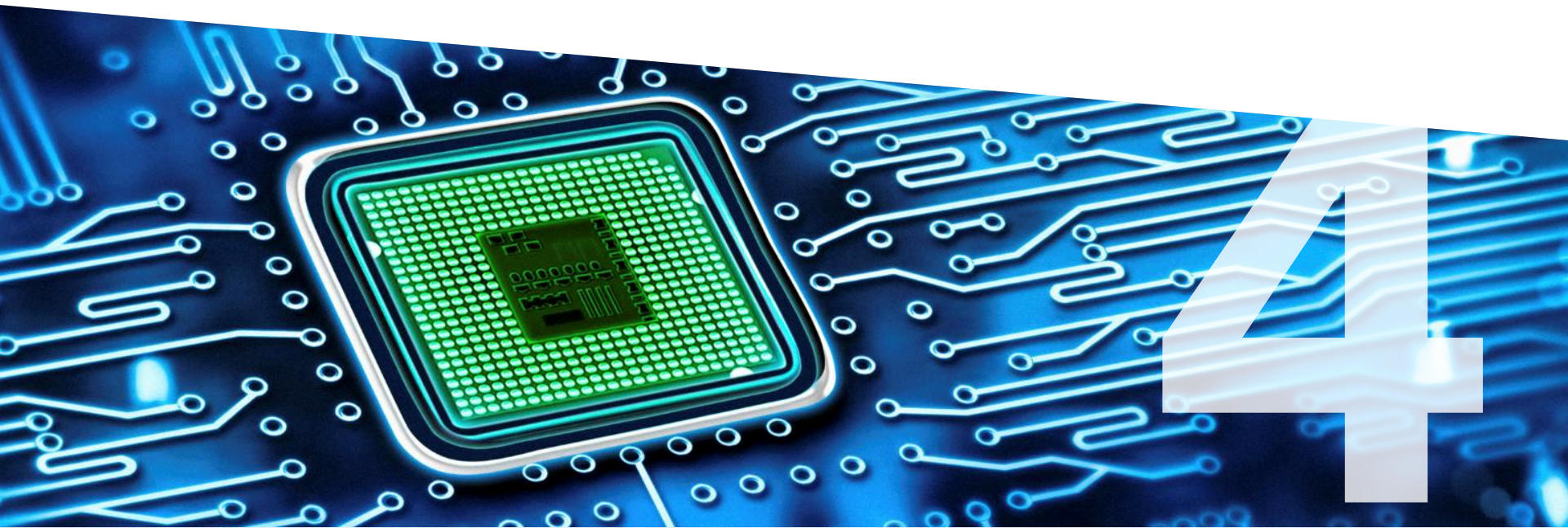
- Limit disclosure of trade secret inside the company to only those who need to know
- Require confidentiality and non-disclosure agreements from employees and third parties who need to know (including plant visitors)
- Physically protect the trade secret
 - Locked rooms, locked files, safes
 - Passwords and encryption for electronic versions
 - Block views or cover prototypes or processes from plant visitors

KISS: Keep it secret, stupid (cont.)

***Raben Tire Co., LLC v. McFarland*, 16-cv-00141, 2017 U.S. Dist. LEXIS 26051 (W.D. Ky. Feb. 24, 2017)**

- Plaintiff tire seller sued two of its former employees and their new employer under Federal Defend Trade Secrets Act
 - alleged employees transferred “confidential and proprietary information”, including sales commission reports and the names of the individuals responsible for tire purchases
- Defendant’s motion to dismiss granted
 - complaint was “entirely devoid of any allegations of how [plaintiff] protected the information in question from dissemination”

Lesson: Take measures to keep trade secrets secret!



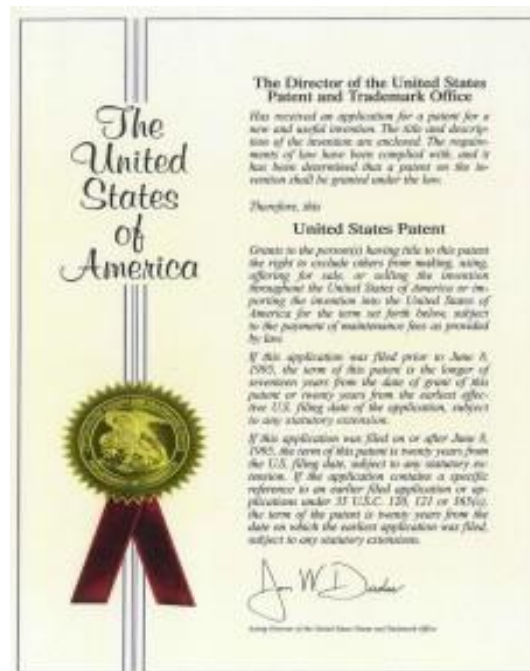
Patents

What is a patent?

- Gives **exclusive** right (i.e., a monopoly) to make, use, offer to sell, and sell **invention** in return for disclosure of invention (quid-pro-quo)
- Types of Patents:
 - *Utility patent*: a patent granted for any new, useful, and nonobvious process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof
 - *Design patent*: a patent granted for a new, original, and ornamental design for an article of manufacture.
 - *Plant Patent*: a patent granted for any distinct and new variety of plant.
- Patentability of software and “methods of doing business” has been restricted

What is a patent?(cont.)

- Enforced in Federal Court or ITC in US
- **BUT**, a patent **does NOT** confer a right to actually practice the claimed invention, as the claimed invention might infringe upon another party's patent



Patents: How do I get one?

- Must apply to U.S. Patent & Trademark Office (USPTO) and include:
 - Technical Drawings
 - Detailed description of the invention
 - Claims – set the “meets and bounds” of the invention
- Scope of patent claims is negotiated with the USPTO in a process known as “prosecution”
- Can take years and cost tens of thousands of dollars to obtain a patent, depending on the length and complexity of the application and ensuing prosecution

Patent tips: If you ain't first, you're last

- America Invents Act transitioned the U.S. patent system:
 - Previously: **First person to invent** gets the patent
 - Now: **First inventor to file a patent application** gets the patent
- Effective for patent applications filed after March 16, 2013



Patent tips: If you ain't first, you're last (cont.)

- If A invents an invention before B but B files a patent application before A, B is entitled to the patent
- If a third party C discloses the invention to the public in a publication, publically uses it, or sells it anywhere in the world before A or B file a patent application, neither A or B is entitled to a patent

Lesson: File as soon as possible (unless you elect to maintain invention as a trade secret)!

Don't sell out (unless you file)

***Helsinn Healthcare v. Teva Pharmaceuticals* (Fed. Cir. May 1, 2017)**

- The Federal Circuit affirmed the long-settled rule that a sale by an inventor more than one year before the inventor files a patent application can invalidate the resulting patent even if the sale does not disclose the details of the invention.
 - Helsinn was barred from getting a patent because a sale agreement was disclosed to the public in a marketing partner's 8-K filing with the SEC made two years before the patent application was filed
 - The agreement specified the price, method of payment, and method of delivery but did not provide details of the invention.

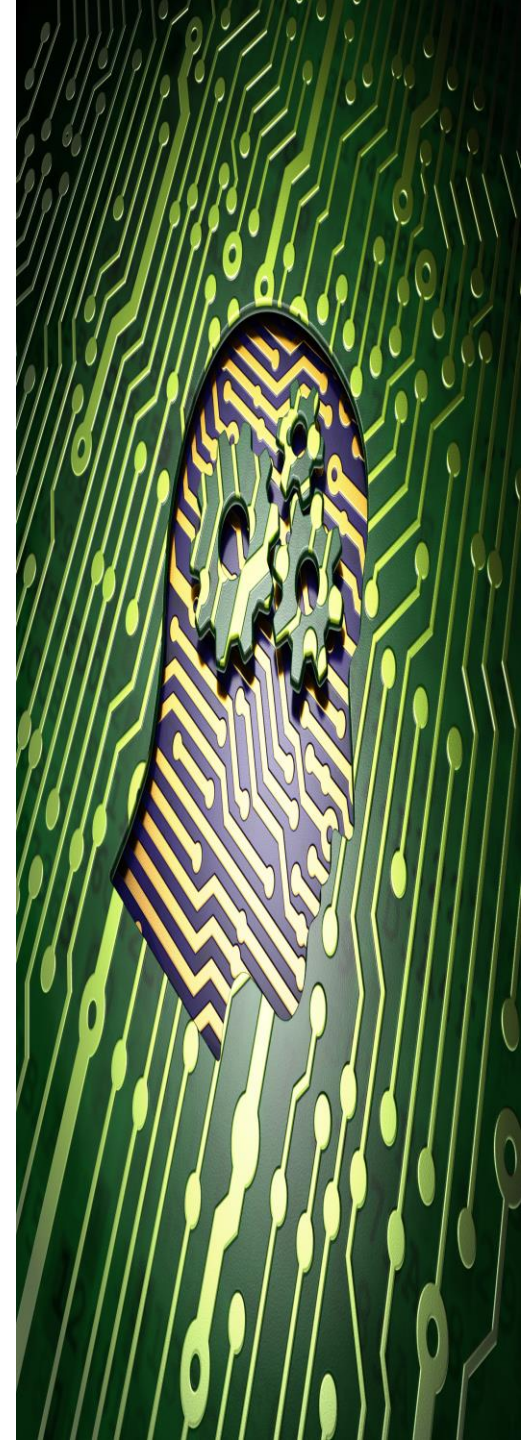
Don't sell out (unless you file) (cont.)

- The details of the invention need not be disclosed in the terms of sale to invalidate a patent.
- Even if there is a one-year grace period to file a patent after the inventor sells or discloses the invention, the first inventor to file an application will get the patent.

Lesson: File before you sell or offer to sell an invention!

All businesses need to think about IP if they:

- Make or develop anything
- Have a logo
- Store customer data
- Have a name
- Have business information that they keep from competitors
- Use technology of any kind



Questions?



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Richard has supported multiple patent litigation matters involving software, computer hardware, photonics and mechanical technologies. Richard's practice also includes drafting and prosecuting patents largely in the software and data storage spaces including secure software patents. As an electrical engineer with a strong background in the software industry Richard brings a unique perspective to his legal practice.

Richard also has an active pro bono practice, advising clients on various intellectual property matters. Richard also manages Reed Smith's Housing Rights pro-bono program, representing indigent tenants in public housing rights case in state court actions.

Prior to earning his law degree, Richard worked as an engineer for Intergraph Corporation, acting as the lead software system integrator for large federal security programs. Richard lead a team of software engineers to integrate the command and control software and hardware systems in a nationwide 911 emergency and security surveillance system for the Kingdom of Jordan for the Anti-terror Administration of the U.S. Department of State. Prior to working for Intergraph Corporation Richard worked for the Raytheon Company writing signal processing and embedded system code for large phased array radar systems. He also enlisted in the U.S. Army and served as an Airborne, Non-Commissioned Officer in South Korea, North Carolina and Georgia from 1997 to 2003.

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