



PROGRAM MATERIALS

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Covering Your Assets: Identifying and Protecting Your Business' Intellectual Property

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www.celesq.com

5301 North Federal Highway, Suite 180, Boca Raton, FL 33487
Phone 561-241-1919 Fax 561-241-1969

COVERING YOUR ASSETS

**Identifying And Protecting
Your Company's Intellectual
Property**

**Jill Sarnoff Riola
CARLTON FIELDS**

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November 7, 2019

**CARLTON
FIELDS**

INTELLECTUAL PROPERTY

**ALL BUSINESSES HAVE INTELLECTUAL PROPERTY
NO MATTER HOW BIG OR SMALL THE BUSINESS OR
WHETHER THE BUSINESS MANUFACTURES GOODS
OR PROVIDES SERVICES OR BOTH**

**INTELLECTUAL PROPERTY MAY BE
THE MOST VALUABLE ASSET OF THE BUSINESS**

**RECOGNITION AND PROTECTION OF THE
COMPANY'S INTELLECTUAL PROPERTY SHOULD
ALWAYS BE A TOP PRIORITY**

INTELLECTUAL PROPERTY

PRIMARY FORMS

- **Confidential Information and Trade Secrets**
- **Trademarks, Service Marks, and Trade Dress**
- **Copyrights**
- **Patents**

CONFIDENTIAL INFORMATION

Information that adds value to the business and known only to the owner or within the business by employees on a need to know basis

- Inventory
- Internal business policies and procedures
- Business plans
- Financial information
- Personnel information
- **Trade secrets**

TRADE SECRETS

Specific sub-set of “Confidential Information”

A formula, practice, process, design, instrument, pattern, or compilation of information

- (i) which is not generally known or reasonably ascertainable and
- (ii) which gives a business an economic advantage over competitors
 - Patentable inventions (but not patented)
 - Technical information
 - Methodology
 - Customer lists

UNIFORM TRADE SECRET ACT “UTSA”*

§1.4 “Trade Secret” means information, including a **formula, pattern, compilation, program, device, method, technique, or process** that:

- (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
- (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

*[Enacted in 48 states (not NY or NC), DC, Puerto Rico, US Virgin Islands. Some states have variations, but generally the same.]

FEDERAL DEFEND TRADE SECRETS ACT

“DTSA”

18 USC §1839

§1839(3) the term “trade secret” means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if —

- (A) the owner thereof has taken reasonable measures to keep such information secret; and
- (B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information;

TRADE SECRETS

Probably the most famous trade secret is the **COCA-COLA** recipe

- Created in 1891: treated as trade secret
 - 1919: only written copy of the formula placed in vault in Guaranty Bank in NYC
 - 1925: moved to vault at Trust Company Bank (now SunTrust) in Atlanta
 - 2011: moved to vault at “World of Coca Cola” in Atlanta
- Only 2 employees know complete formula at any time
 - Not allowed to travel together
 - If one dies, other appoints replacement
 - Identity of both is itself a secret
- Even the bottlers don’t know
 - Syrup shipped as 9 “anonymous” numbered “merchandises”
 - Told only relative proportions of each and how to mix

CONFIDENTIAL INFORMATION AND TRADE SECRETS PROTECTION

- **REQUIRES Fiduciary Duty or Contractual Relationship**
 - **Internal:**
 - Board of Directors or Officer – Fiduciary Duty
 - Employment/termination agreements with express confidentiality clauses
 - Obligation survives termination
 - Policies and procedures
 - Marking
 - Need to know
 - No removal from premises
 - Must be made known and enforced
 - **External**
 - Non-disclosure agreement/Confidentiality Clause
 - Need to know
 - Obligation survives termination
 - **BUT -- No protection** if 3rd party obtained trade secret lawfully without agreement or duty
 - Independent development
 - Reverse engineering

CONFIDENTIAL INFORMATION AND TRADE SECRETS ENFORCEMENT

- **STATUTORY:**
 - Uniform Trade Secrets Act [State]
 - Defend Trade Secrets Act [Federal]
 - Requires trade secret owner does business in interstate commerce
 - Unfair Competition [Federal/State]
- **COMMON LAW:**
 - Breach of contract
 - Breach of fiduciary duty
 - Tortious interference with business relationships
 - Tortious interference with contractual relationships
 - Conversion
 - Theft
 - Unfair competition

UNIFORM TRADE SECRET ACT

§1.2 “Misappropriation” means:

- (i) **acquisition** of a **trade secret** of another by a person who knows or has reason to know that the trade secret was acquired **by improper means**; or
- (ii) **disclosure or use of a trade secret** of another without express or implied consent by a person who
 - (A) **used improper means to acquire knowledge** of the trade secret; or
 - (B) at the time of disclosure or use, knew **or** had reason to know that his knowledge of the trade secret was
 - (I) **derived from** or through a person who had utilized **improper means** to acquire it;
 - (II) **acquired** under circumstances giving rise to a **duty to maintain its secrecy** or limit its use; or
 - (III) **derived from** or through a person who **owed a duty** to the person seeking relief to maintain its secrecy or limit its use; or
 - (C) **before** a material change of his [or her] position, **knew** or had reason to know that it was a trade secret and that **knowledge of it had been acquired by accident or mistake**.

UNIFORM TRADE SECRET ACT

§1.1 “**Improper means**” includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means.

DOES NOT INCLUDE:

- Original/independent development
- Reverse engineering (in absence of statutory or contractual prohibition)
- Material in the public domain
- Disclosure obtained from third party with no duty of confidentiality to the trade secret owner
- Material not within the definition of “trade secret”

DEFEND TRADE SECRETS ACT

§1839(5) the term “misappropriation” means —

- (A) **acquisition of a trade secret** of another by a person who **knows or has reason to know** that the trade secret was acquired **by improper means**; or
- (B) **disclosure or use** of a trade secret of another without express or implied consent by a person who —
 - (i) **used improper means** to acquire knowledge of the trade secret;
 - (ii) at the time of disclosure or use, **knew or had reason to know** that the knowledge of the trade secret was —
 - (I) **derived from or through** a person who had **used improper means** to acquire the trade secret;
 - (II) **acquired under circumstances giving rise to a duty** to maintain the secrecy of the trade secret or limit the use of the trade secret; or
 - (III) **derived from or through a person who owed a duty** to the person seeking relief to maintain the secrecy of the trade secret or limit the use of the trade secret; or
 - (iii) **before a material change of the position** of the person, **knew** or had reason to know that —
 - (I) the **trade secret was a trade secret**; and
 - (II) **knowledge** of the trade secret had been **acquired by accident or mistake**

DEFEND TRADE SECRETS ACT

§1839(6) the term “improper means” —

- (A) includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means; and
- (B) does not include reverse engineering, independent derivation, or any other lawful means of acquisition

UTSA/DTSA

REMEDIES

- DTSA and UTSA very similar although UTSA may vary by state
 - Seizure of goods using misappropriated trade secrets
 - Injunction
 - Damages
 - Actual loss to trade secret owner
 - Unjust enrichment of misappropriator
 - Alternatively reasonable royalty
 - Exemplary up to 2x total for willfulness
 - Discretionary attorneys fees to prevailing party
 - Plaintiff if willfulness is found
 - Defendant if litigation brought in bad faith
 - Displaces conflicting *civil* law if cause of action arises out of same set of circumstances as misappropriation

TRADEMARKS AND SERVICE MARKS



TRADEMARKS AND SERVICE MARKS

THE LANHAM ACT, 15 U.S.C. § 1127

The term “trademark” includes any word, name, symbol, or device, or any combination thereof—used by a person to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown

TRADEMARKS AND SERVICE MARKS

WHO AM I? WHERE DO I COME FROM?

- Trademarks identify *the source* of the goods or services, not the goods or services themselves!
 - **BIG MAC** identifies *McDonald's* as the source of the hamburgers
 - **MICKEY MOUSE** identifies *The Walt Disney Company* as the source of all clothing on which the character appears
 - **49ers** identifies *The NFL* as the source of all shirts on which the players' names and numbers appear
 - **iPHONE** identifies *Apple* as the source of the smart phones
 - **INTEL INSIDE** identifies *Intel* as the source of the processor in a laptop
 - **VANITY FAIR** identifies *Condé Nast* as the source of the magazine

TRADEMARKS

IDENTIFICATION OF SOURCE IS KEY

- The use of the same trademark on the same goods anywhere in the country should indicate to the purchaser that the goods come from the same source
- The “source identifier” is an indication that the product or service will have the same quality wherever it is purchased.
- The *level* of quality is irrelevant, as long as it’s consistent

A **BIG MAC** in New York should look and taste the same as a **BIG MAC** in San Francisco

An **iPHONE** purchased at an Apple Store in Miami, Florida should be identical to an **iPHONE** bought online from Apple.com

A t-shirt with **MICKEY MOUSE** on it bought at Disneyland in Anaheim should be the same quality as a onesie with **MICKEY MOUSE** on it bought at Disneyworld in Orlando

TRADEMARKS

TYPES

- Trademarks vary in strength in terms of being able to protect and enforce them
 - The stronger the mark, the easier it is to protect and enforce against subsequent users of the same or *similar* mark on even unrelated goods/services
 - Fanciful
 - Arbitrary
 - The weaker the mark, the harder it is to protect and enforce against subsequent users of the same or *substantially similar* mark on the same or *substantially similar* goods/services
 - Suggestive
 - Descriptive

TRADEMARKS

FANCIFUL

Completely made up words

XEROX

KODAK

CRAYOLA

AVEDA

VIAGRA

EXXON

GOOGLE

TRADEMARKS

ARBITRARY

Common words that have nothing to do
with the goods or services

APPLE

IVORY

THE GAP

MUSTANG

AMAZON

SHELL

SURVIVOR

TRADEMARKS

SUGGESTIVE

Hints at what the goods/services are, but doesn't
(quite) describe them

SWATCH

ROACH MOTEL

PETSMART

PLAYBOY

SWEET 'N LOW

CARMAX

SUNBRELLA

TRADEMARKS

DESCRIPTIVE

Describes the product or service or a feature or some quality
Not protectable or enforceable unless acquired distinctiveness proven

RAISIN BRAN
WHOLE FOODS
BED & BATH
CHAP STICK
COMPUTERLAND
5-HOUR ENERGY
QUIK-PRINT
STEAK & BREW
HOLIDAY INN

TRADEMARKS

TRADE NAME v. TRADEMARK

Trade name identifies the *company*

Trademark identifies the *goods or services* of the company

Trade name can also be a trademark or service mark
– usually a “house mark”

APPLE

MERCEDES

LOUIS VUITTON

GEICO

TRADEMARKS

TRADE DRESS

The non-functional, unique appearance of a product or packaging



TRADEMARKS

PROTECTION

United States

Rights Arise Only on Use

- **Common Law – Use but no registration**
 - Protection generally limited to use on specific goods in specific geographic area
 - Zone of Natural Expansion depending on:
 - Nature and extent of use on goods/services
 - Nature and extent of use in geographic territories
 - Extent of consumer recognition
 - Actual likelihood of expansion of business

TRADEMARKS

PROTECTION

United States

Rights Arise Only on Use

- **Statutory – No Registration Without Use**
 - **State – only need use in *that* state**
 - Rights throughout the state
 - Not enforceable outside that state
 - **Federal (15 USC §1051 et. seq.)**
 - Requires interstate/international use with US
 - Rights throughout the US and territories
 - Not extra-territorial

TRADEMARKS

PROTECTION

International

- **Common Law countries**
 - “British Empire”
 - Rights arise on use
 - UK, Ireland, India
- **Civil Law countries**
 - “Napoleonic Code”
 - Rights only on registration
 - Most EU countries
- Not Extra-Territorial – each country needs own registration
 - Exceptions:
 - European Union Trademark: All EU
 - Benelux: Belgium, Netherlands, Luxembourg

TRADEMARKS

BENEFITS OF US REGISTRATION

- Constructive notice nationwide of the trademark owner's claim
- Prima facie evidence of ownership of the trademark if “incontestable” after 5 years (proof of continuous and exclusive use filed between 5th and 6th anniversary of registration date)
- Concurrent jurisdiction of federal courts may be invoked if US registration (although federal unfair competition claims can be brought in federal court without having a US registration)
- Nationwide scope of causes of action and available remedies for infringement
- Registration may be filed with U.S. Customs Service to prevent importation of counterfeit or gray market foreign goods

TRADEMARKS

BENEFITS OF REGISTRATION

- US Registration/Application can be used as a basis for obtaining registration in foreign countries
- 6 month priority filing date in Paris Convention Treaty Member countries:
 - if filed within 6 months after US filing, that new filing is given the same filing date as the US application
- Madrid Protocol
 - International Registration
 - Must be based on US application or registration
 - Enables a US applicant to file in multiple international countries through a single application made through the World Intellectual Property Organization (WIPO)

TRADEMARKS

BENEFITS OF INTERNATIONAL REGISTRATION

Registration of key marks in key international countries is the best way to protect the company's key international markets.

Because most non-US countries are “first to register”, there is always a risk that a third party will register the same or similar mark in one or more countries and be able to prevent the US company from doing business in those countries.

- Distributors/ex-distributors
- Competitors
- Pirates (for ransom)

TRADEMARKS

ENFORCEMENT

TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION “LIKELIHOOD OF CONFUSION”

- **Trademark Infringement**
 - **Statutory:** Requires Registration
 - **Federal -- Lanham Act, 15 USC §1114**
 - **State – varies by state**
 - **Common Law:** Does not require registration
- **Unfair Competition:** Does not require registration
 - **Statutory**
 - **Federal -- Lanham Act, 15 USC §1125(a)**
 - False representation or misrepresentation
 - Passing off
 - False advertising
 - Includes dilution by blurring or tarnishment
 - **State – varies by state**
 - **Common Law:** Does not require registration

TRADEMARKS

ENFORCEMENT DAMAGES

Actual damages

Defendant's profits

Enhanced damages

Corrective advertising damages

Attorneys fees and costs if exceptional case

Destruction of all goods

Interest

Additional damages for counterfeit goods

Statutory damages

Injunctive relief

COPYRIGHTS

COPYRIGHT IS A PROTECTABLE, ENFORCEABLE PROPRIETARY RIGHT GRANTED BY THE US CONSTITUTION AND THE UNITED STATES COPYRIGHT ACT, 17 USC §101 ET. SEQ.

- Copyright protects the original, creative, *expression* of ideas
 - It does not protect ideas, concepts, themes, processes, procedures, systems, principles, methods of operation, or discoveries
- Copyright arises immediately on the **creation** of a **copyrightable work** in a *tangible* form
 - **In writing**
 - **On video**
 - **Painted**
 - **Photographed**
 - **Recorded**
 - Giving a speech, singing a new song, performing a new dance
 - **None are protected by copyright UNLESS written, recorded, filmed, choreographed**

COPYRIGHTS

COPYRIGHTABLE WORKS

17 USC §102

Literary Works

Musical Works (score and words)

Dramatic Works (and music)

Pantomimes and Choreographic Works

Pictorial, Graphic, and Sculptural Works

Motion Picture and Other Audiovisual Works

Sound Recordings

Architectural Works

COPYRIGHTS

COPYRIGHT RIGHTS

17 USC §106

The owner of the copyright has an exclusive “bundle” of individual rights:

Right to reproduce

Right to prepare derivative works

(new work that uses, adapts, edits or modifies a pre-existing work)

Right to distribute copies

(in essence must be commercial distribution)

Right to perform publicly

Right to display publicly

Right to transmit sound recordings

Copyright owner can assign or license all or some of the rights

COPYRIGHT

DURATION

- **Post-1978:**
 - **Individual: Life of the author + 70 years**
 - **Other Entity: 95 years from publication or 120 years from creation, whichever is earlier**
- **Post-1964: Valid for 95 years from the date of its creation**
- **January 1, 1925 to December 31, 1963 (if renewed): Valid for 95 years from the date of its creation**

COPYRIGHT

BUT . . . Even if underlying work is out of copyright, a new adaptation, edition or recording may be copyrighted:

OUT OF COPYRIGHT	COPYRIGHTED
Beethoven's Fifth Symphony Shakespeare's Romeo and Juliet Jane Austen's Pride & Prejudice	London Philharmonic recording Franco Zeffirelli's movie version 2005 movie version with Colin Firth

AND . . . A work that is out of copyright in one country may still be copyrighted in another country because individual countries have varying terms.

COPYRIGHTS

OWNERSHIP

17 USC §201

- **THE PERSON WHO CREATES THE WORK IS THE OWNER OF THE WORK**
 - Unless:
 - Co-creators are co-owners of the work
 - Written agreement *expressly assigning* all of the copyright rights of the owner to the assignee
 - Work for Hire

COPYRIGHTS

WORK FOR HIRE 17 USC §101

In this case, the *hiring* party is the owner of the copyright, *not* the creator of the work

BUT – only if very specific conditions are met:

- The creator is an actual employee of the hiring party
 - Employee as defined by IRS
 - Salary
 - Benefits
 - Taxed wages
 - **NOT** an independent consultant
 - **NOT** an independent contractor
 - **NOT** a freelance artist

COPYRIGHTS WORK FOR HIRE 17 USC §101

- The **WORK** is “specially ordered or commissioned” for use in or as
 - Contribution to a collective work
 - Book of short stories by different authors
 - Part of a motion picture or other audiovisual work
 - Screenplay, soundtrack
 - Translation
 - Supplementary Work
 - Compilation
 - Book of short stories by single author
 - Instructional Text
 - Test
 - Answer Material for a Test
 - Atlas

AND there is a written agreement *expressly stating* the Work is a “work for hire” and the hiring party owns the work, not the creator

COPYRIGHTS

WORK FOR HIRE

17 USC §101

If it doesn't meet the Work for Hire criteria,
THEN IT ISN'T A WORK FOR HIRE

and

Ownership will not transfer !!

**THE PERSON WHO CREATED THE WORK WILL LEGALLY
OWN IT, REGARDLESS OF THE PARTIES' INTENTIONS**

COPYRIGHTS

**IF YOU PAID FOR IT,
MAKE SURE YOU OWN IT!!**

GET AN ASSIGNMENT!!

GET IT IN WRITING!!

GET IT NOTARIZED!!

17 USC §204

COPYRIGHT

PUBLIC DOMAIN

A WORK IS “IN THE PUBLIC DOMAIN” ONLY IF

- **the copyright term expired or**
- **the owner specifically renounced the copyright**

A WORK IS **NOT IN THE PUBLIC DOMAIN
JUST BECAUSE IT IS PUBLICLY AVAILABLE**

ESPECIALLY IF IT'S ON THE INTERNET

**Always best to assume it belongs to someone –
Someone had to take that picture of the Mona Lisa
Even though the Mona Lisa is in the public domain, the photograph isn't!!!**

COPYRIGHTS

OWNERSHIP AND REGISTRATION

- **United States**
 - Do not need to register the claim of copyright in a work in order to own the copyright
 - **BUT:**
 - US Supreme Court: Registration in the US Copyright Office is a prerequisite to litigation
 - Registration prior to infringement provides for certain remedies otherwise unavailable
 - Statutory damages
 - Discretionary attorney's fees and costs
- **International**
 - NOT necessary to register in each country for general recognition of ownership
 - International copyright
 - Berne Convention
 - TRIPS (incorporates Berne)
 - Most comprehensive multilateral agreement on intellectual property
 - Sets international standards for protection of intellectual property in member states
 - Enforcements subject to national country laws and regulations which must meet minimum TRIPS criteria
 - Not all countries have the same copyright terms as the US

COPYRIGHTS

COPYRIGHT INFRINGEMENT

- Substantial similarity in any media
 - Direct copying
 - Access and copying
 - Striking similarity/virtual identity
- Copyright Law trumps state or federal causes of action arising from same set of circumstances (unfair competition, tortious interference)
- Federal Courts have exclusive jurisdiction

COPYRIGHTS SOFTWARE

- Most software is copyrighted, some is patented
- All commercial software is used under some sort of license from the publisher (i.e. Microsoft, Adobe, Apple)
- Make sure you have the right license for your use and that you're using it properly – misunderstanding license terms is one of the biggest causes of copyright violations
 - Example: If only one person has a license to use the software, the software shouldn't be put on a server so that everyone can use it
 - There are “Enterprise” or “Site” licenses for that
 - Also check that employees aren't downloading or using unlicensed software on their office computers
- The Business Software Alliance is in business to make sure that its members' software is being used properly. They are not fun to deal with.

COPYRIGHTS

COPYRIGHT DAMAGES

Actual damages

Defendant's profits (exclusive of incorporated P's damages)

Statutory damages

(if registration prior to infringement)

Injunctive relief

Destruction of infringing materials

Discretionary attorneys' fees and costs

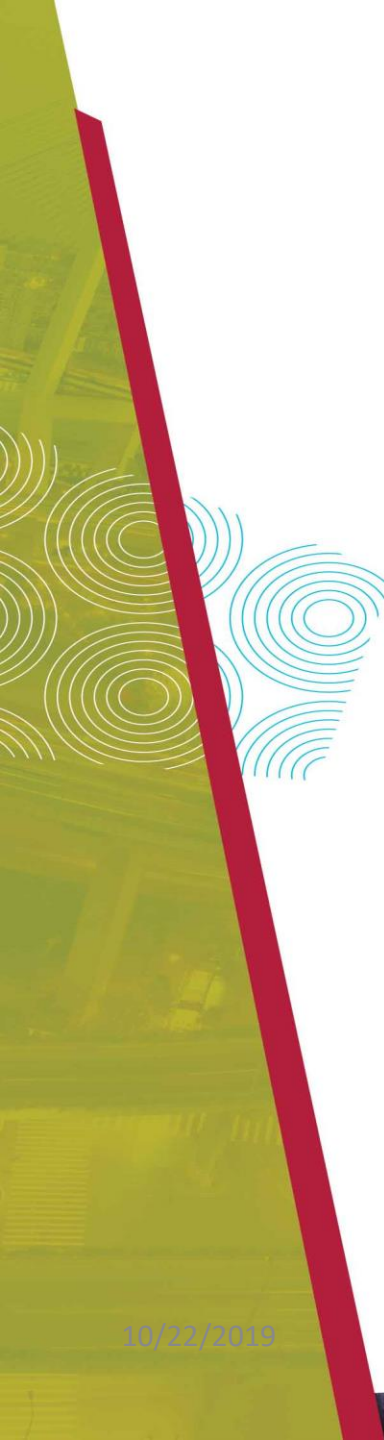
(if registration prior to infringement)

Additional damages for counterfeits

(Ex parte relief, seizure orders, asset freezes, expedited discovery)

Separate criminal statute for counterfeiting

COPYRIGHT



PATENTS

WHAT IT DOES

35 USC §101, et. seq.

- Grants Patentee only the *right to exclude others* from making, using, offering for sale or selling or importing the invention.
- Patentee itself *not granted the right* to make, use, offer for sale, or sell, or import the invention
 - Might violate prior patent or other statutory or contractual rights of others
 - If patent is an improvement on an existing third party patent and requires the third party patented invention in order to function, the Patentee would only be able to use the patented invention if it had a license to use the underlying third party patent
 - Might violate other federal or state laws
 - Making, using, or licensing a new method of refining and processing marijuana for medical use could be illegal under many state laws as well as under federal law
 - Making, using, or licensing components of weapons for international shipment to certain prohibited countries would be illegal under federal law

PATENTS

“WHAT IT DOES” – METHOD, PROCESS OR APPARATUS

- Constitution and statutory
- Types of Patents
 - **Utility Patents: 20 years from filing date of application (certain exceptions)**
 - Mechanical/electrical/electronic
 - Methods and processes
 - Business method
 - Most difficult to obtain
 - Primarily software
 - New technology v. automated “mental process”
 - **Plant Patents**
 - “Asexually propagated plants” -- those that are reproduced by means other than from seeds, such as by the rooting of cuttings, by layering, budding, grafting, inarching, etc. Asexually propagated plants are those that are reproduced by means other than from seeds, such as by the rooting of cuttings, by layering, budding, grafting, inarching, etc. GMO seeds.
 - **Design Patents: 15 years from filing date of application**
 - Non-functional product configurations
 - Similar to trade dress but limited term

PATENTS

OWNERSHIP

- Initial ownership is in the inventor(s)
- Invention must be assigned to the company if company is to own it
- As with copyright, need a written assignment
- Best way to do this with employees is an Invention and Intellectual Property Assignment Agreement that the employee signs at onboarding
 - Written assignment of all intellectual property and inventions created during scope and term of employment

PATENTS

- **Types of Patent Applications:**
- **United States**
 - **Must be filed within one year of first public disclosure**
 - **First to file, not first to invent**
 - Provisional application
 - “Placeholder”
 - Establishes priority date for subsequent non-provisional patent application claims that are within provisional invention disclosure
 - Expires after 1 year but new one can be filed (tacks to original filing date)
 - Non-Provisional
 - Actual patent application (tacks back to provisional filing date)
 - Contains the claims and disclosures of invention
 - Published 18 months after filing
 - If ultimately ***refused***, whatever has been published goes into the public domain
- Not Extra-Territorial

PATENTS

INTERNATIONAL

- Each country has its own patent laws so must file in each country in which you want protection
- If country is member of Paris Convention or PCT Treaties, priority within 12 months of US filing (most are)
- Direct filing in each other country
- PCT (Patent Cooperation Treaty)
 - Similar to International Registration for trademarks
 - One filing for multiple countries, each country does separate examination

PATENTS

ENFORCEMENT

- Infringement of a patent consists of the **unauthorized making, using, offering for sale, or selling** any patented invention within the United States or U.S. Territories, **or importing into** the United States of any patented invention during the term of the patent
- If a patent is infringed, the patentee may sue for relief in the appropriate federal court
- Must have an issued patent to file a lawsuit
- Exclusive jurisdiction in Federal Courts
- Generally 2 types of infringement
 - Direct infringement
 - Indirect: Contributory/Inducing infringement

PATENTS

PATENT INFRINGEMENT DAMAGES

Lost profits

Reasonable royalty

Interest and costs

Enhanced damages – up to three times the award

Attorney's fees in certain cases

Injunctive relief

NB: Certain statutory limitations apply if infringed product or its packaging was not marked with patent number.

FINALLY

IDENTIFY WHAT YOU OWN AND WHAT YOU NEED

Identify what you own

Identify what you thought you owned but don't

Get assignments for the IP created for you by inventors, consultants and contractors

Identify the "gaps" in protection

Implement new or revised programs, agreements, policies, processes

Develop a strategic US and international protection program

Obtain appropriate statutory protection



**Jill Sarnoff Riola
Carlton Fields
200 S. Orange Ave.
Orlando, FL 32801
DD: 407-244-8246**

jriola@carltonfields.com

**Board Certified Intellectual Property, FL Bar
Admitted FL, CA, NY**

IP Protection: What are Trademarks, Service Marks and Logos?

INTELLECTUAL PROPERTY | OCTOBER 15, 2013



Jill Sarnoff Riola

A **trademark** (one word) is the identity you give your products. A **service mark** (two words—don't know why, just the way it is) is the identity you give your services. Trademarks and service marks are essentially treated the same way, so from now on let's just call them trademarks. Effective IP protection requires an understanding of what these assets are.

Back to that identity. It's how people are going to know that a particular product or service came from you and no one else. A trademark can be a word, a graphic design, a picture, a color, a sound, a character, even a smell. Or a combination of any of them. It's just like your own name. That's how other people identify you. You use a trademark to ensure they identify you with that product or service.

Examples of trademarks:

- APPLE – computers
- CHANEL NO. 5 – perfume
- COCA-COLA – soda
- ABSOLUT – vodka
- ROLEX – watches

Examples of service marks:

- JETBLUE – airline services
- HYATT – hotel and resort services
- OLIVE GARDEN – restaurants
- SUNTRUST – banking services
- HARVARD – education services

Logo vs. Trademark

A **logo** is a trademark. It's a picture or drawing or character or something other than words alone that creates the association between you and your product.

It's just another name for a trademark with a design component. Think of the Apple logo, GEICO lizard, Mickey Mouse, Mercedes star, and Fruit Loops. These are all logos and they are all trademarks. One and the same thing.



- APPLE LOGO – computers
- GEICO LIZARD – insurance services
- MICKEY MOUSE – coffee mugs
- MERCEDES BENZ LOGO – cars

- FROOT LOOPS LOGO – cereal

Speaking of Froot Loops, there's a very funny and very true story about a series of lawsuits that were brought against Kellogg's for false advertising because FROOT LOOPS has no fruit in it. A similar lawsuit was brought against the maker of Cap'n Crunch with Crunch Berries because the crunch berries had no fruit. None of the lawsuits made it very far, but imagine if they did and the products had to be taken off the market. Would the plaintiffs then be cereal killers?

OK, enough groaning, back to business.

Trade Dress

The way a product itself looks or is packaged can also be a trademark – that's called **trade dress**. Whether it qualifies as trade dress, and thus as a trademark, depends on a few things.

First, the shape of the product or the packaging has to be something no one else in the industry needs to use for a similar type of product. In other words, it can't be functional. And it has to be in use for a long enough time to develop sufficient public recognition aka "secondary meaning" or "acquired distinctiveness."

For example, you can't claim trademark rights in the rectangular paper box that most perfume products come in. BUT if you create a memorable design on that box and use it long enough – usually at least 5 years or so – without anyone else using the same design on their packaging, and you can show that all important "acquired distinctiveness" – there's your trade dress. Or if you put the perfume itself in a bottle shape that no else uses and the shape of the bottle doesn't serve any purpose other than to identify your product, there's your trade dress.

Two perfect examples of both types of trade dress:



The perfume box itself is pretty common, but the overall look of the packaging – the white background with the black borders – is immediately identifiable as a Chanel perfume box. Similarly, the bottle itself is unique – and so iconic that Andy Warhol did a silkscreen of it in his series "Ads." The bottle doesn't need to have the trademark on it to be instantly recognized as the Chanel No. 5 bottle.

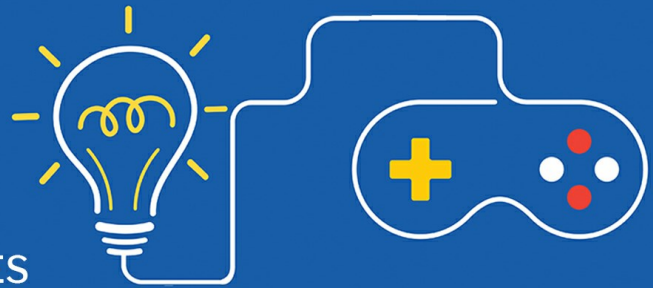
This article was originally published by I-Sight.com.

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BACK TO BASICS:

A PRIMER ON INTELLECTUAL PROPERTY RIGHTS IN VIDEO GAMES



The Game of the Name: Choosing a Trademark for Your Video Game

ESPORTS AND ELECTRONIC GAMING | INTELLECTUAL PROPERTY | AUGUST 15, 2019



Jill Sarnoff Riola



Nicholas A. Brown



Steven Blickensderfer

[Back to Basics: A Primer on Intellectual Property Rights in Video Games](#)

It is often said that the most important asset to any video game company is its "IP," or intellectual property. The reason for this is not surprising. Intellectual property rights give their holders the ability to protect their work product from the unauthorized—and uncompensated—use by others, while at the same time providing valuable sources of revenue and branding opportunities. Unsurprisingly, the most common legal questions we encounter in the video game industry relate to intellectual property rights. Yet the intricacies of IP law are not intuitive, and thus often leave people who do not practice in this area baffled, or worse, misinformed.

In this series, we discuss some of the fundamental concepts of intellectual property law as they relate specifically to video game companies and other unique players in the space, including esports teams and content creators. The intention of these articles is to provide a basic understanding of the various intellectual property rights important to the industry—from the differences between a trademark and a copyright, to what's behind a DMCA takedown notice.

These articles are not legal advice, nor should they be relied upon as such, as the particular facts of each unique circumstance determine how the legal issues will play out. If you have any questions concerning the content of any article, or want to know more about any of the topics we discuss, we encourage you to contact the authors. We promise, we don't bite.

* * *

PART I: The Game of the Name: Choosing a Trademark for Your Video Game

So, you've just come up with a great new video game. The idea is to get as many characters as possible to walk and chew gum at the same time. It's the first game of its kind. Congratulations!

You're thinking of calling your new game "Walk 'N Chew." Why? Because it tells potential players what the game is about.

Perfect, right? Wrong. As we explain below, that is exactly *because* it tells the potential player what your game is all about.

The right trademark is nearly as important to your game's success as the game itself.

Trademarks identify your products and distinguish them from the products of others. Without a unique trademark, your target audience won't be able to identify your game, and you might not be able to prevent your competition from using the same or similar trademark for their similar game. In that way, it's just like your own name—it's how people identify you.

A trademark is a word, graphic, logo, picture, color, sound, or combination of those that distinguishes your product or service from those of your competitors. Service marks are like trademarks, but used for services, e.g., contests, competitions, competitive teams, game development. For this article, we'll just use the term trademark to refer to them both. You use a trademark to make sure people can identify your game or your esports team and know where it came from or who sponsored it.

Examples of game or game franchise trademarks:

- **Madden NFL**
- **FIFA '19**
- **Anthem**
- **Apex Legends**



Examples of service marks for esports or gaming:

- **EA Sports** - video game publisher
- **Appstore** - online mobile retail store
- **Signal Ultra** - esports team

Examples of service marks for esports conferences or promoters:



What Makes a Strong Trademark

Now the question is, how do you choose the perfect trademark? As noted above, your first impulse may be to choose one that describes exactly what the game does, because it will tell potential players everything they need to know. But actually, the best trademarks are the ones that *don't* describe your game.

You want a trademark that's "strong," so you can better protect it from others using it, and because it will be less likely to be accused of infringing someone else's trademark.

The stronger the mark, the more likely it will be enforceable against others and the easier it will be to stop them from using the same or similar mark on the same or similar goods or services. The weaker the mark, the less protectable and enforceable it is, and the more difficult it is to stop subsequent users, raising the likelihood that it will be used by others in one form or another.

Economically, strong marks cost less to protect and enforce than weak marks, and give a broader scope of protection. Strong marks are less likely to run into problems during the application/registration process and are more likely to be successfully enforced against a subsequent user of the same or similar mark, for the same or similar goods and services, or even related ones.

Weak marks, on the other hand, can cost far more to protect and enforce, and provide only a narrow scope of protection. Weak marks almost always have problems during the application/registration process, making it harder to get them through to registration (resulting in greatly increased legal fees); they usually have to contend with marks already in use that, while perhaps not identical, have observable similarities. And weak marks are likely to be successfully enforced only against someone who later uses the same or substantially similar mark for the same or substantially similar goods and services.

In terms of strength, there are basically four types of trademarks: fanciful, arbitrary, suggestive, and descriptive. Below we discuss each type, in order from strongest to weakest:

Types of Trademarks

1. *Fanciful Marks.*

Fanciful marks are made up words. They have no meaning other than as a trademark for the owner's particular goods or services. Fanciful marks tell you nothing about the product, but they are memorable precisely because they don't:

- **Spotify** - digital music service
- **Verizon** - telecommunication services
- **Rolex** - watches

This is usually what you want—if consumers remember your mark, they remember your product, no matter how many competitors you may have. Fanciful marks have the strongest protection, and in some cases are so well known, or "famous," that they can be enforced against use of the same or a similar mark on unrelated goods and services.

2. *Arbitrary Marks.*

These are real words or images (logos) used for goods or services that have little or nothing to do with the definition of the word:

- **Apple** - computers/phones/electronics
- **Bing** - internet search engine
- **Chrome** - web browser
- **Full Sail** - educational services
- **Amazon** - retail store

As with fanciful marks, arbitrary marks tell you nothing about the product, but stand out as more memorable among the same type of goods or services of the competition. This is really the whole point of having a trademark. Arbitrary marks have strong protection, but unless they are "famous" marks, they generally don't have quite the scope of enforceability as do fanciful marks.

3. *Suggestive Marks.*

Suggestive marks "suggest" something about the good or service; they give you a hint as to what it is or what it does, without going so far as to describe it. You probably have to think about it before you can figure out what the product or service is. Suggestive marks are usually existing words or combinations of words, or the equivalent graphic logos:

- **7-11** - convenience stores
- **Netflix** - on demand video/movies/TV
- **Avengers** - superheroes franchise
- **Paypal** - online payment service
- **Stubhub** - online resale ticket service

Suggestive marks are generally enforceable only against the same or similar mark on the same or similar goods because they are only one step away from "descriptive" marks (explained below). In fact, the line between descriptive marks and

suggestive marks is often very thin and subjective.

4. **Descriptive Marks.**

A word or design that describes or clearly identifies a quality or function or feature or tells the customer what the product is or does is called a "descriptive" mark:

- **Microsoft** - software company
- **Computerland** - computer stores
- **Ticketmaster** - online ticket sales
- **Paint** - graphics software

Descriptive marks are generally not protectable, precisely because they are descriptive. Descriptive marks can acquire protection by extensive use over a long period of time, or through extensive advertising or other continuous use. But that won't be available for your new game any time soon.

If the mark is deemed descriptive, anyone in the industry is free to use the mark in whole or in part, either in the name of their own similar product or as a descriptive term in text. While no one can stop you from using a descriptive mark, in turn, you can't stop anyone else from using the same or similar mark. In fact, the term "descriptive trademark" is a misnomer, although it is frequently used.

Fanciful, arbitrary, and suggestive trademarks are protectable and enforceable proprietary rights. Descriptive marks, in the absence of extensive years of use and substantial proof of "secondary meaning," are generally neither protectable nor enforceable.

Non-Trademarks: Generic Marks

Unlike the prior four marks, generic marks are the product or service itself, and can never become a trademark:

- **Coffee**
- **Furniture**
- **Video Game**

Generic terms are neither protectable nor enforceable. They should be avoided if at all possible.

So now that you know about the risks of using a descriptive term, you've decided to come up with a mark that has nothing to do with the game: **YOWZA!**

Good move! You've come up with a fanciful mark! Congratulations!

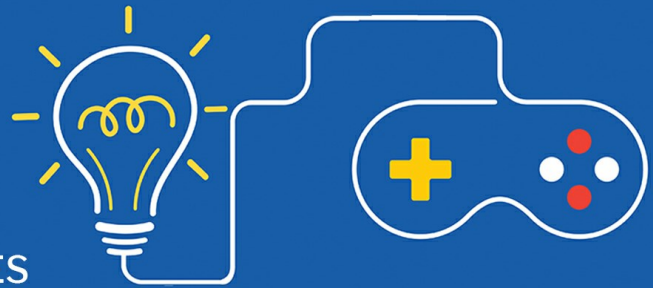
But wait – we're not done yet. The next thing we should do is make sure your trademark isn't already taken.

That is the subject of our next article in the *Back to Basics* series - available [here!](#)

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BACK TO BASICS:

A PRIMER ON INTELLECTUAL PROPERTY RIGHTS IN VIDEO GAMES



The Game of the Name: Making Sure Your Trademark Is Available

ESPORTS AND ELECTRONIC GAMING | INTELLECTUAL PROPERTY | AUGUST 29, 2019



Jill Sarnoff Riola



Nicholas A. Brown



Steven Blickensderfer

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Before reading Part II below, be sure to check out Part I.

* * *

PART II: The Game of the Name: Making Sure Your Trademark is Available

The last time we met, you had just come up with a great new concept for a video game — to get as many characters as possible to walk and chew gum at the same time. After our discussion about the various types of trademarks, you picked "YOWZA!!" as the name. A great choice, because it says absolutely nothing about the game, so it's a strong mark.

We'll bet that your next impulse may be to start designing the logo and cover art, using the name in the game itself, and begin the marketing and advertising. After all, now that you've chosen a name, why wait?

Can you move forward with using the name now? Yes. Should you? Probably not.

The problem is, at this point, you don't know if someone else is already using a mark that could cause you problems if you use or try to register **YOWZA!!**

Ideally, you want to know that no one is going to get in the way of your using your trademark. Realistically, you at least want to know what, if any, risks you'll encounter *before* you decide to use and register your mark.

This is the point where you want to retain an experienced intellectual property attorney who specializes in trademarks. Your IP attorney will perform a trademark availability search, which is no simple Google search. It's a sophisticated computerized search that goes through all the records of the U.S. and state trademark office databases, trade and industry journals,

newswires and press releases, websites, and other databases, looking for any prior mark that could even remotely cause you trouble (and cost you a lot of time and money) down the line. Your IP attorney will review and analyze the search results and then advise you if there are any potential risks in using your trademark.

Sometimes the search results show nothing to worry about (at least nothing that showed up in the search; remember the only things guaranteed in life — and trademark searches — are death and taxes). Other times they show prior uses that could pose *some* risk of objection — for example, you might receive a nasty letter from a prior user, but you could still have a chance of getting them to go away. Or you might find a prior application or registration that could cause issues with getting your application approved by the trademark office.

But sometimes the results reveal prior uses that could cause you significant problems. In that event, you're taking a real risk if you go ahead — including the risk of attorneys' fees and litigation in your future, and possibly even losing your new trademark.

It is always better to know the risks beforehand. Once you know what's out there, you can make an educated business decision whether to proceed with the mark. You might decide that, on balance, it would be better to come up with a new name rather than dealing with the baggage that your trademark search reveals.

Assessing the Risk of Proceeding With a Mark

Performing a trademark search is not a prerequisite to using or registering your mark. You don't *have* to do one. It just makes good business sense to find out if you might have some big problems down the road before you start putting significant time and money into production, advertising, and marketing. It's a lot cheaper to change the mark before all that happens rather than afterward.

Or, if you decide to go ahead knowing there's a real risk out there, at least you know you'll need to budget for some major legal fees (if you get sued), or if you decide to try to buy that pesky prior mark to get it out of your way.

It all comes down to your own risk-benefit analysis based on your business judgment, informed by the advice of your IP attorney.

What we can tell you, though, is that the upfront investment in doing a trademark availability search is more than worth it because it will help you to minimize the likelihood (or at least know in advance) that you will have to spend time and money later on extremely costly, stressful litigation to protect (or defend) your trademark.

In this case, you picked a strong mark and your trademark search came back clean, your application was successful, you've started using your mark, and you've got your trademark registered. Congratulations!

Now that you've secured your trademark, it's time to talk about copyrights. That heady topic is the subject of our next *Back to Basics* article - available here!

The Meaning of “Use,” and Proving it to Get Federal Registration

INTELLECTUAL PROPERTY | DECEMBER 3, 2012



Jill Sarnoff Riola

When you file an application to register a trademark (or service mark) in the United States Patent and Trademark Office, you must show you’re actually using the mark “in commerce” on the specific goods or services listed in the application before the actual registration will issue. You can file the application before you use the mark, but you won’t get your registration until you do.

What is “Use”?

“Use” means actual commercial use **in interstate or international commerce** of the trademark on, or in connection with, all of the specific goods or services listed in the application.

- Commercial use is the **actual sale or offer for sale (or rent)** or distribution of all of the **specific goods or services** listed in the application **in the normal course of business**. The United States no longer recognizes “token use,” a one-time use made solely to comply with the use requirement.
- Commercial use can be either **interstate** (between two or more states) or **international** (between the United States and one or more other countries). International commerce that doesn’t include the United States will not qualify.
- Use of the mark on any goods or services **not** listed in the application will not qualify.
- The mark must be in commercial use on all goods or services listed in the application. If it’s not, you can delete the “non-use” goods (you can’t add them, though), you can split the application and get a registration only for the “use” goods, or get an extension of time to file proof of use.
- With the following exceptions for situations where the consumers themselves are frequently from out of state, use in just one state does not qualify:
 - Internet use (goods are purchased through the website or the services are described on the site)
 - Restaurants
 - Retail stores (and their goods) located in airports or on cruise ships

What Must be Shown to Prove Use?

“Proof of Use” means some tangible means of showing that the mark is being used *as a trademark or service mark on or with the specific goods or services listed in the application*. Even though the mark must be in use on all of the goods or services listed in the application, you only need to provide proof of use for one of the items listed, not all of them. The USPTO requires a declaration verifying use on all the goods, but only requires one specimen of use.

Acceptable specimens of use always have the mark on them and clearly relate to the specific goods or services listed in the application.

- **Acceptable specimens of use for goods**
 - Packaging for the goods
 - Labels on the goods
 - Hang tags on the goods
 - Web page showing the mark and the goods, where consumer can purchase the goods on the website
 - POP materials

- **Acceptable specimens of use for services**

Advertising or promotional materials that clearly reference the services

Business cards/stationery (as long as it references the services)

Menus

Web page that clearly shows the mark and describes the services

- **Not Acceptable**

Use only as a trade name in an address

Use only in the domain name of a website

Use on any services other than as listed in the application

Use that doesn't clearly relate to or reference the specific services in the application

What is "First Use"?

There are two types of First Use: (1) anywhere; and, (2) interstate/international commerce.

First use anywhere means the first date the mark was commercially used on any one of the goods or services listed in the application even if it wasn't in interstate or international commerce. For example, the first use anywhere can be a local sale between parties in Orlando and Tampa.

First use in commerce means the first date the mark was commercially used in interstate or international commerce, for example, a sale between parties in Miami and Atlanta.

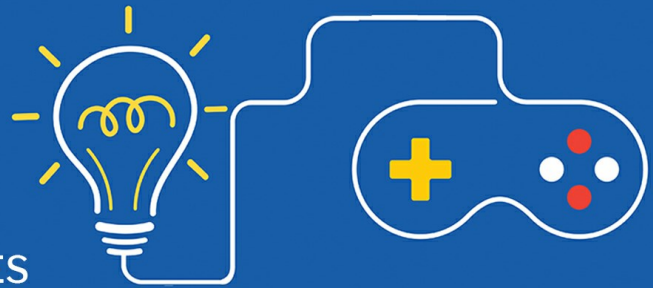
Those two dates can be different or the same.

- If the first use was on January 1, between parties in Orlando and Tampa (intrastate), and then on April 1 between parties in Orlando and Atlanta (interstate), first use anywhere is January 1, and first use in commerce is April 1.
- If the first use was March 1 between parties in Orlando and Atlanta, then both the first use anywhere and first use in commerce are March 1.

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BACK TO BASICS:

A PRIMER ON INTELLECTUAL PROPERTY RIGHTS IN VIDEO GAMES



Getting Creative with Video Games: Copyright, Public Domain, and Fair Use

ESPORTS AND ELECTRONIC GAMING | INTELLECTUAL PROPERTY | SEPTEMBER 11, 2019



Jill Sarnoff Riola



Nicholas A. Brown



Steven Blickensderfer

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Before proceeding, be sure to read up on the basics of trademarks (which we covered here and here).

* * *

Getting Creative with Video Games: Copyright, Public Domain, and Fair Use

Securing the trademark to your new video game project, **YOWZA!!**, is but one step among many in ensuring the maximum protection of intellectual property rights in your new video game. Next, you should consider protecting the game's storyline, graphic characters, artwork, and music. This is achieved by ensuring that you own all of the material in your game and getting a copyright registration (or two) to enable you to enforce it.

Copyright 101

Copyright law is anything but intuitive. To the contrary, it's a brain twister, using terms that mean something other than what they seem to mean. We're here to help you understand the basics so that you can both protect your game and respect the proprietary rights of others.

When people refer to "copyright," they are actually referring to a bundle of exclusive proprietary ownership rights in a work of art fixed in a tangible medium of expression. As relevant to the video game industry, a "work of art" includes audiovisual works; computer programs; literary works (e.g., the instructions, written script, etc.); artwork (all scenery, graphic characters, animation); and third-party prerecorded music.

In general, copyright provides the owner with the exclusive right to reproduce, distribute copies of, display, perform the work, and create derivative works. This means that no one can use your game - or any copyrightable elements of it - in their game

or for any other purpose without first getting your permission (by, for example, buying a copy and playing it in its intended manner).

Copyright in your game, **YOWZA!!**, exists as soon as at least some of the creative expression of the game has been fixed in some tangible media - on paper, in software, on film, etc. Copyright in your game will extend to the story, graphic characters, artwork, original music, original code, the rules, as well as the entirety of the video game as a single copyrighted unit. What that means is that you can protect the entirety of the video game as well as the elements of the game, such as the individual graphic characters.

As the game develops, the copyright only extends to what is already in existence. If you create the first half of the game on Monday, the copyright is in that half only, not in the second half. When you finish creating the game on Tuesday, you now have a copyright in the entire game.

This also means that owners of other works of art also own the copyrights in them, and they, too, are the only ones who can use their works unless they have granted permission for others to use it. Streamers who have been asked to take down a video game that has third-party music playing in the background may be all too familiar with this concept without knowing it. That's because the third-party owner of the music also owns the copyright in it, and using it without permission violates the owner's exclusive proprietary rights. Think of copyright as giving its owner the legal right to tell others what they can and cannot do with the work.

An important point to remember is that copyright exists in your work of art, whether or not you register it. A copyright registration is merely a *claim* of copyright that already exists. However, registration of your copyright is *required* to be able to bring a lawsuit for copyright infringement. And if you have your registration prior to the start of the infringement, you'll be eligible for certain additional benefits, including statutory damages and attorneys' fees, which you can't get if you register the copyright after the infringement starts. You don't have to wait until the game is finished to register the copyright. At any point before the game is actually sold, you can obtain an "unpublished" registration. Once the game is commercially available, you can then obtain a "published" registration.

Another important point is to be sure to own all of the rights in your creative work. If you personally create all of the elements of the game - the code, story, artwork, characters, rules, etc. - then you're fine. Likewise, if you own or are a part of a company with actual employees to whom you pay salary, FICA, health benefits, or who are otherwise considered employees by the IRS (and only the employees create all of the elements of the game), the company will own the copyright to the game. The trouble can start when you bring in outside developers, contractors, and artists to work on the game. We'll cover more about that in a future article.

How Do I Know If It's Copyrighted?

There's so much great stuff on the internet - music, artwork, photos - to name just a few. Just as you created your game and have a copyright in it, someone else created that music, artwork, or photo and very likely has a copyright in it. The fact that a work you want to use is available on the internet doesn't mean that it's available for others to use. In all likelihood, someone owns it and it's protected by copyright.

Copyrighted material is typically identified with the copyright symbol: ©. There is no requirement, however, that the copyright owner use the symbol or put any identifying information on the work. And the lack of a copyright notice does not mean that the work is not protected by copyright. And remember, a copyright exists whether or not it's registered. So how can you tell if it's protected or not?

Here's a quick way to determine if a work has a valid copyright. If it was created 95 or more years ago, it's no longer protected by copyright and is free for use by anyone. If it was created between January 1, 1925, and December 31, 1963, *and* (i) it was registered and (ii) its copyright registration was renewed (there was a renewal period back then), then it is copyrighted for 95 years from the date of its creation. You can find out if the copyright registration was renewed by searching the records of the U.S. Copyright Office or, better yet, asking your experienced IP attorney to do that for you. If the work was created after January 1, 1964, then it is copyrighted for 95 years from the date of its creation. If it was created on or after 1978 by an individual, then the copyright is valid for the lifetime of the individual plus 70 years, otherwise for a period of 95 years from publication or 120 years from creation, whichever comes first.

But here's where it gets tricky. Beethoven's "Fifth Symphony" is long out of copyright, but a new London Philharmonic recording of it is copyrighted. Jane Austen's "Sense and Sensibility" is out of copyright, but the movie starring Colin Firth as

Mr. Darcy is copyrighted, as are recent new published versions that are edited and annotated.

In other words, pretty much anything contemporary is covered by copyright and owned by someone, even if the subject matter itself may be out of copyright. If in doubt, assume that it is copyrighted, especially if it's something famous. Or check with your experienced IP attorney, who will know how to find the answer for you.

The Myth of the Public Domain

A concept one hears often when discussing the use of copyrighted work is public domain. But what does it mean for something to be "in the public domain"? Probably not what you think. A work that is "in the public domain" is no longer protected under the Copyright Act, either because the copyright term expired, as discussed above, or the owner specifically renounced the copyright (think UNIX, open-source software). At that point, it is available for anyone to use however they want. But as long as a work is still within the copyright term and the protection has not been renounced, it is the proprietary property of the owner of the work and protected under the Copyright Act.

A work is *not* in the public domain simply because it is posted on Reddit or shared on Twitter, Instagram, etc. Unless the owner placed it there with express permission for others to use for any reason, you can assume that someone placed it there without the authority to do so.

A perfect example can be found using Google images to look up "Deadpool." You'll see myriad posters and graphics of Ryan Reynolds in full Deadpool gear. Are they in the public domain because they are on Google? No. To the contrary, they are all copyrighted and owned by Twentieth Century Fox, which in turn is now owned by The Walt Disney Co. Of course, most of the images do not reference Twentieth Century Fox or Disney and, in fact, may even reference someone or something else. Google "picked" them off the internet through its search engine algorithms, without regard for any copyright disclaimers.

The ease of access on the internet to characters, video clips, stills, and music from the likes of "Star Wars," "Game of Thrones," and Queen does not mean that any part of these works are in the public domain. Unless they are on the obvious owner's website (Disney, HBO, Sony Music, etc.), you can assume that they are on the internet without authorization from the copyright owner.

What does this mean for game developers and those playing the games? It means that most of the stuff that's accessible on the internet (and that you probably want to use in your game) actually is copyrighted and belongs to someone, is not in the public domain, and thus is not available for anyone else to use without permission.

So no, you probably shouldn't use the material you found online in your game, at least not if you want to avoid running a substantial - and potentially very expensive - risk of being sued for copyright infringement. Such a risk includes the copyright holder hindering you from being able to sell or use your game as long as you have the unauthorized copyrighted content in it.

It's Really Not Fair Use

Another oft-misunderstood copyright topic is "fair use." At first blush, one would think that fair use gives anyone the right to use another person's copyrighted work as long as the person uses it in a "fair" way. Well, that's partly true. But it's not an affirmative right. It's actually an affirmative *defense*, and this is a significant distinction.

Fair use is a very specific statutory defense to a claim of copyright infringement, and it only works after copyright infringement has been proven in litigation. It doesn't give someone the right to use a copyrighted work with impunity.

So, what is fair use? It's the use of a copyrighted work, without the permission of its owner, only for the purpose of "criticism, comment, news reporting, teaching, scholarship, or research." In other words, it's the use of the work for something about the work: to critique a work, review it, report on it, teach it, use it in educational materials as part of course work or in a thesis, or use it in research (with quotes and credit references).

There are a number of factors the courts consider in determining if there has been a fair use of a copyrighted work. These include things such as whether the use was for commercial purposes (a big factor that torpedoed most "fair use" arguments), how much of the copyrighted work was used, and the effect of the use on the value of the copyrighted work. Parody, entertainment, and transformative purposes have rarely been found to be fair use.

Bottom line: Fair use is likely not going to be a good defense for a video game that incorporates someone else's copyrighted work into the game.

Copyright (Not Copywrong)!

As we said, copyright law, with its various ins and outs, is not intuitive. Terms such as "public domain" and "fair use" don't necessarily mean what you'd think they should mean. Trying to determine if something is copyrighted, to whom it belongs, and how to get a license to use it, can make one's head spin.

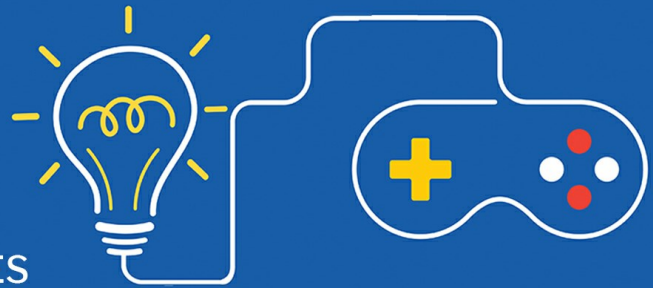
As the developer of **YOWZA!!** , copyright is one you want to get right because you obviously want to own, protect, and enforce your valuable proprietary IP rights. At the same time, you need to be careful not to inadvertently step on anyone else's rights and wind up on the wrong side of a copyright infringement suit.

Now that we've covered the basics of copyright, it's time to dive into DMCA takedowns. We'll cover that in our next *Back to Basics* article - available [here](#)!

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BACK TO BASICS:

A PRIMER ON INTELLECTUAL PROPERTY RIGHTS IN VIDEO GAMES



Getting Creative with Video Games: Whose Game Is It, Anyway?

ESPORTS AND ELECTRONIC GAMING | INTELLECTUAL PROPERTY | OCTOBER 2, 2019



Jill Sarnoff Riola



Nicholas A. Brown



Steven Blickensderfer

Back to Basics: A Primer on Intellectual Property Rights in Video Games

In this series, we discuss some of the fundamental concepts of intellectual property law as they relate specifically to video game companies and other unique players in the space, including esports teams and content creators. The intention of these articles is to provide a basic understanding of the various intellectual property rights important to the industry - from the differences between a trademark and a copyright, to what's behind a DMCA takedown notice.

These articles are not legal advice, nor should they be relied upon as such, as the particular facts of each unique circumstance determine how the legal issues will play out. If you have any questions concerning the content of any article, or want to know more about any of the topics we discuss, we encourage you to contact the authors. We promise, we don't bite.

Before proceeding, be sure to read up on the basics of trademarks (which we covered here and here) and copyrights (covered here and here).

* * *

Getting Creative With Video Games: Whose Game Is It, Anyway?

At this point, **YOWZA!!** the videogame in which you try to keep as many characters walking and chewing gum at the same time, is in production. We've got the software programmers, scriptwriters, graphic artists, digital effects crew, packaging designers, and rest of the team working away. And you're paying them a lot of money to work that hard. But did you know that *they* may own what you're paying them to create for you? That's right - you may have paid for the creative work, but you might not own it.

In order to "own" the videogame **YOWZA!!** you need to own all of the copyrights in it. As a multimedia work, a videogame comprises lots of different, separately created and independently copyrightable elements - software, graphics, music, the script, and more.

If they're all your employees - i.e., they get benefits, health insurance, salaries (you take out FICA), profit sharing - then you don't need to read any further, because you're fine. The company owns all the rights to **YOWZA!!** But if any or all of your staff are not your employees - i.e., they're independent contractors, consultants, get W-9 forms, get no benefits or health insurance or profit sharing - then you need to read on. This is an increasingly complex and important issue for game companies, as states such as California seek to change the law to effectively narrow the definition of independent contractor.

Copyright Ownership & Work for Hire

As previously covered (here), copyright rights are created automatically as soon as a copyrightable work (software, graphics, music, the script) is "fixed in tangible form." In general, ownership of the copyright in that work automatically belongs to the person who first created it. So the programmer owns the code, the graphic artist owns the graphics, the composer owns the music, and the scriptwriter owns the script.

There are two exceptions, both under the rubric "work for hire," which is perhaps one of the most misunderstood (and difficult to understand) provisions of the U.S. Copyright Act. A work for hire is a copyrightable work commissioned by one person to be created by another person that is deemed to be owned by the commissioning person (or company) under two very specific circumstances:

1. The person creating the work is an actual employee of the person or company claiming ownership of the copyright and the work was created during the scope of the employee's employment.
2. The person creating the work (a) has a written agreement to produce the work; (b) the agreement specifically states it is a work for hire; and (c) the work is within one of nine very specific categories. If any of a, b, or c is missing, the work is not a work for hire, and the person creating the work owns it, not the commissioning party.

Number 1 is easy and obvious, so we'll just focus on number 2, which is neither easy nor intuitive.

There are only nine specific categories for which work for hire applies:

- Contribution to a collective work (i.e., collection of poems or short stories)
- **Part of a motion picture or other audiovisual work (series of related images with or without accompanying sounds)**
- Translation
- Compilation (dictionary, collected works of prior published plays or stories)
- Supplementary work (to comment on or explain a third-party work)
- Instructional text
- Test
- Answer material for a test
- Atlas

Here, the closest category that applies to videogames is "other audiovisual work." But that technically applies only to the "related images with or without sound," and even that isn't well defined.

One thing we do know for certain is that work for hire does not apply to software programming, to individual graphics, to the script, or to music or sounds not integrated with the "motion picture or other audiovisual work." So the question remains open as to whether software development for video games comes with the work-for-hire definition. The same goes for the contractor who designs the brilliant new logo for your game and the cover art.

Assuming work for hire applies, remember that the agreement must be in writing, specify that it is a work for hire, and be signed by both parties. If any of these elements is missing, it is not going to be considered a work for hire, and all of the rights in the work will remain with the third party.

So how do you keep it straight? How do you know when to use work for hire, and what do you do if it isn't a work for hire? Easy.

Get an Assignment and Get It in Writing.

There's a much easier way to get the same result. Rather than taking any chances with work for hire, it is always better to err on the side of caution and simply require all third-party developers and contractors, regardless of what they are creating for you and whether it can be considered a work for hire, to assign all of their copyright rights in the work to you. That assignment will cover anything that is work for hire as well as anything that isn't.

An assignment should be executed before the hiring of an independent contractor. If you already hired the independent contractor, no problem. You can still get one, and should do so now, before proceeding further with your game's development. The assignment must also be in writing and should be notarized. Your experienced IP attorney can assist you in creating the appropriate copyright assignment documents.

Before we end our discussion of copyright, we need to cover the various licenses that apply to music in video games and streams, including sync rights. We'll cover that in our next *Back to Basics* article - stay tuned!

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Supreme Court Resolves Circuit Court Split: Copyright Registration Is a Prerequisite to a Copyright Infringement Suit

INTELLECTUAL PROPERTY | TECHNOLOGY & TELECOMMUNICATIONS | TECHNOLOGY | JUNE 11, 2019



Jill Sarnoff Riola

The Supreme Court has spoken, and it's official: Copyright infringement claims can only be brought after the copyright in question has been registered in the U.S. Copyright Office.

Under federal law, copyright infringement claims can only be brought in the U.S. District Courts, and only once "registration of the copyright claim has been made."

The irksome question has, up until now, been *when* has registration been made? The date the completed application for registration is filed in the Copyright Office or the date the Certificate of Registration actually issues?

As Shakespeare so eloquently said, "[A]ye, there's the rub." Compounding the confusion, the *effective* date of the registration is retroactive to the date on which the complete application for registration is received by the Copyright Office, *not* the date the Certificate of Registration issues. To add to this witches' brew, if the application is refused by the Copyright Office the copyright claimant can then sue on the refused application.

The U.S. Courts of Appeals and their constituent district courts have long been split on whether filing the application is sufficient to enable the plaintiff to bring a copyright infringement action or if an actual registration is required:

Court of Appeals	District Courts by State	Position
First Circuit	MA, ME, NH, RI, PR	Conflicting case law
Second Circuit	CT, NY, VT	Conflicting case law
Fifth Circuit	LA, MS, TX	Application
Seventh Circuit	IL, IN, WI	Conflicting case law
Eighth Circuit	AR, IA, MN, MO, NE, ND, SD	Application
Ninth Circuit	AK, AZ, CA, GU, HI, ID, MT, NV, NM, OR, WA	Application
Tenth Circuit	CO, KS, NM, OK, UT, WY	Registration
Eleventh Circuit	AL, FL, GA	Registration

The Supreme Court, in *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC* ,[1] recently resolved the issue, holding that no legal action for copyright infringement may be instituted by a copyright claimant until the copyright in the work alleged to be infringed has actually been registered with the U.S. Copyright Office.

Fourth Estate Public Benefit Corp., an online news journalism organization, filed a copyright infringement lawsuit against Wall-Street.com LLC, a news website and former client of Fourth Estate. After it canceled its account, Wall-Street.com continued to use some of the articles it had previously licensed from Fourth Estate. Fourth Estate filed applications in the U.S. Copyright Office to register the copyrights in those articles, and filed suit against Wall-Street.com for copyright

infringement in the Southern District of Florida. The complaint was dismissed, without prejudice, on the grounds that Fourth Estate had failed to obtain registration certificates before filing suit.

Fourth Estate appealed the dismissal to the Eleventh Circuit Court of Appeals, which affirmed the lower court's decision. Fourth Estate then turned to the Supreme Court.

Justice Ginsburg, writing for a unanimous Court and, after a thorough discussion of the relevant provisions of the Copyright Act, resolved the circuit splits, decisively interpreting Section 411(a) of the Copyright Act to require registration of the copyright in issue prior to the institution of any litigation for copyright infringement.

What does that mean in the real world?

Most business owners and individuals are unfamiliar with the Copyright Act and its pre-suit filing requirements, and only become aware when they find their work is being infringed and seek legal advice. Their dismay at being unable to immediately file suit is understandable, more so considering that the normal process, from filing through registration, can take months, which gives the infringer that much more time to infringe.[2]

As they say, the best defense is a good offense.

While copyright rights in a work begin on its creation and existence in tangible form, they are not enforceable until the claim of ownership is registered. Any business, large or small, whose financial well-being relies on its copyrights — software, graphics, publishing, photography, technology — would be well advised to institute a process to file an application to register each new copyright as it is created. The cost of doing so is minimal compared to the cost of waiting until there is an infringement. In addition to being able to immediately file suit, pre-infringement registration brings additional benefits, including the option of statutory damages and qualification for attorneys' fees.

For further information, please contact the author of this article or a Carlton Fields' intellectual property attorney.

[1] 586 U.S. ____, 139 S. Ct. 881, 203 L. Ed. 2d 147 (2019)

[2] Although the copyright owner can presently request an expedited registration of its copyright(s), the process is far more expensive than the normal filing process.

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7 Things Startups Should Know About Intellectual Property Law

BUSINESS TRANSACTIONS | INTELLECTUAL PROPERTY | TECHNOLOGY | SEPTEMBER 22, 2015



Jill Sarnoff Riola

1. Your primary asset is your intellectual property. Protect it before you do anything else.

Talk to an intellectual property attorney, a specialist who'll be able to tell you what you have and how best to protect it (e.g., with patent, copyright, or trade secret law).

If you can't afford an intellectual property attorney, look for firms that give seminars at university incubators, or those with startup-oriented practices. Find a law school with an intellectual property clinic.

Learn about and understand the various types of IP you have. Have an attorney search the patent office and trademark office records to determine whether you have the right to use your IP, and most importantly, protect it before you start engaging with third-parties. File your patent, trademark, and copyright applications; and establish an internal trade secret/confidential information protection program.

...the first things a potential investor wants to know is what IP you have and how is it protected.

Don't make the mistake of failing to protect your IP because "the company" doesn't have the money. Put your own money into it if you have to. But get those applications filed. You'll regret it if you don't, because the first things a potential investor wants to know is what IP you have and how is it protected.

2. Decide who owns the IP.

Presumably one or more of the members/shareholders developed the IP. The IP is originally owned by the inventor(s)/creator(s). If the company is going to own it, the inventor(s)/creator(s) need(s) to assign it to the company. If the inventor(s)/creator(s) will continue to own it, they need to grant a license (preferably exclusive) to the company. Your IP attorney can help you with this. Just remember, you'll have a better chance of attracting investors if ownership is clearly addressed.

3. Make sure you have a good non-disclosure/confidentiality agreement in place...

...before you discuss your products with anyone outside your company, including prototype manufacturers, designers, independent contractor programmers, potential customers, interested investors, etc. Without one, you may unwittingly give away your intellectual property and confidential information. And there may be nothing you can do about it. See No. 1.

GET IN WRITING. GET IN WRITING. GET IT IN WRITING...

4. Make sure you own what you think you own.

Maintain your chain of title and ownership. If you hire independent contractors, get a written assignment. "Work for hire" is a term of art that does not equate to an assignment, and generally has no application to the tech industry (no pun intended). Whatever you do, GET IT IN WRITING. In fact, make that your mantra: GET IT IN WRITING. Make sure your employees sign intellectual property assignment agreements, or have such provisions in written employment agreements.

5. Don't give away your IP.

Make sure you have good license agreements in place if you're going to allow others to use your IP. Make sure you understand what the agreement says, and what you're actually allowing the other guy to do. Make sure you retain control over the IP. GET IT IN WRITING.

6. Don't forget about international IP protection.

If you're going to be manufacturing overseas, or if your customers or licensees are located internationally, think about protecting your IP in those countries as well. Intellectual property protection is territorially limited and you'll need to protect yourself on a country-by-country basis. There are exceptions to the rule, so again, be sure to retain a good IP lawyer who can help you with all of the nuances of foreign protection.

7. Have an exit strategy.

Plan upfront for the disposition of the IP in the event the company doesn't work out. Will one person own it? Will more than one share ownership? With intellectual property ownership comes obligations and responsibilities, so again, see Rule No. 1.

Good Luck!

This article originally appeared as a JD Supra Perspective on September 22, 2015.

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