

Managing the Company Brand

Adam S. Baldrige

Shareholder - Intellectual Property Group
Baker, Donelson, Bearman, Caldwell &
Berkowitz, PC
abaldrige@bakerdonelson.com



BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

EXPAND YOUR EXPECTATIONS®

IP BASICS

The Big 4:

- Copyright
- Trademark
- Patent
- Trade Secrets



Copyrights

What is a copyright?

- A bundle of rights protecting an original work of authorship fixed in any tangible medium of expression

U.S. Constitution, Art. 1, Sec. 8, Cl. 8
17 U.S.C. § 101 *et seq.*



Copyrights

- To be protected by copyright, a work must contain at least a certain minimum amount of authorship in the form of original literary, musical, pictorial, or graphic expression.



Copyrights

What is copyrightable?

- Literary works
- Musical works (incl. words)
- Dramatic works (incl. music)
- Sound recordings
- Architectural works
- Computer software
- Pantomimes and choreographic works
- Pictorial, graphic and sculptural works
- Motion pictures and audiovisual works



Copyrights

What is NOT copyrightable?

- Names
- Titles
- Slogans, short phrases
- Domain names
- Facts, ideas, systems, methods
- Recipes (mere listing of ingredients)
- Sightings of Elvis



Copyrights

What is in the bundle of rights?

- Reproduce the work in copies or phonorecords
- Prepare derivative works
- Distribute copies or phonorecords
- Perform the work publicly
- Display the work publicly

Copyrights

Work For Hire

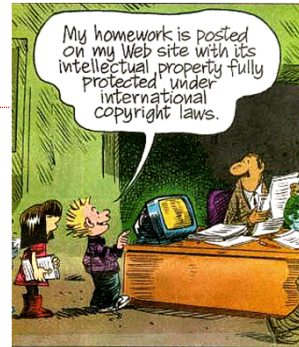
- Work prepared by an employee within scope of employment
- Work specially ordered or commissioned, *expressly agreed in written instrument*, for one of following:
 - Contribution to collective work
 - Part of motion picture or other AV work
 - Translation
 - Supplementary work
 - Compilation
 - Instructional text
 - Test
 - Answer material for a text
 - Atlas



Copyrights

Creation

- Copyright automatically exists as soon as work is created in "fixed form"
- Registration with U.S. Copyright Office is not required, but brings benefits:
 - Ability to bring infringement action
 - Timely registration allows recovery of statutory damages and attorneys fees
 - Prima facie evidence of validity of copyright

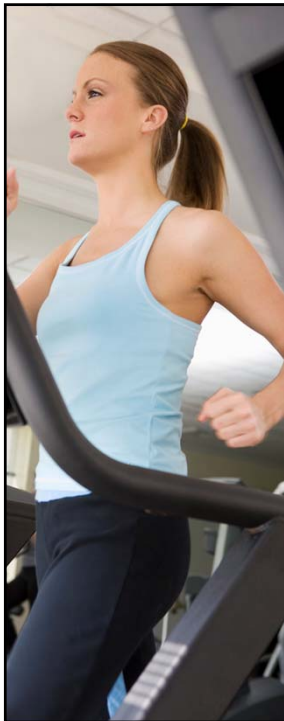


Copyright Infringement

- To establish that the defendant copied the work courts look at:
 - whether the defendant had access to the protected work
 - Access: hearing or seeing or having a reasonable opportunity to hear or see the plaintiff's work *Ellis v. Diffie*, 177 F.3d 503, 506 (6th Cir. 1999)
 - Can be shown by circumstantial evidence
 - Whether there is a substantial similarity to the protected work
 - Sixth Circuit 2 part test: 1) Identify parts of the work protected by copyright & 2) Ask whether the reasonable ordinary observer would find works, taken as a whole, to be substantially similar
- Greater degree of similarity, the less proof of access is necessary

Fair Use and Its Application in Litigation

- Affirmative defense - 17 U.S.C. § 107
 - The fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as the following are not an infringement of copyright.
 - criticism
 - comment
 - news reporting
 - teaching (including multiple copies for classroom use)
 - scholarship
 - Research
 - 4 Factors to consider: (1) purpose and character of use, commercial or nonprofit educational; (2) nature of the copyrighted work; (3) amount and substantiality of portion used; and (4) effect upon the market for or value of copyrighted work



Hypothetical 1

- Fitness Is For Fun (“FIFF”) is a new chain of fitness gyms that is becoming all the rage. One of its fitness trainers, GI Gina, has picked up some software development skills in her off hours and writes a software program for FIFF’s social networking site where customers can enter workout data and track results of other customers. GI Gina wrote the entire program during working hours on FIFF’s computers with supervision and input by FIFF’s CFO.
- Who owns the copyright in the work?

Hypothetical 2

- Maximus Minimus, Inc. hires an outside consultant to create a website and pays the consultant by the hour. The consultant creates the website. Maximus Minimus, Inc. owns the domain name for the website.
- Who owns what? Is it a work for hire?
- What about pictures used on the website? Assume that outside consultant says he found the photographs all over the Internet.



Hypothetical 3

- Paint Removal, Inc. ("PRI") manufactures paint removing products. PRI finds a YouTube video of a customer's review of the product displaying the removal capabilities of the product. PRI likes the video so much that it decides to download the video and upload it to the Company's website.
- Can PRI do this without a problem?
- What if the video is embedded without being downloaded?
- What if the customer's name and face are shown and voice heard throughout the video?



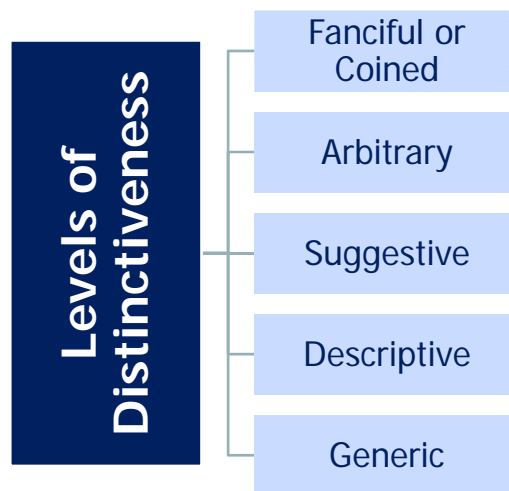
Trademark

What is a trademark or service mark?

- Any word, name, symbol, device, or combination thereof either used or intended to be used by a person to identify and distinguish goods or services from those of others and to indicate their source of origin



Trademark



Trademark

Fanciful or Coined

- Letters that form a word without meaning, has no relation to the product
- Strongest type of mark
- E.g., KODAK, EXXON

Problem: Can become generic



Trademark

Arbitrary

- One or more words whose common meaning has nothing to do with the goods or services being labeled
- Strong mark
- E.g., PARLIAMENT, CAMEL, used for cigarettes



Trademark

Suggestive

- One or more words that hint at or suggest the nature of a product without actually describing it
- Requires a mental step before association between mark and product is understood
- E.g., **HOMEMAKER** vacuum cleaner



Trademark

Descriptive

- Words that merely describe the product or its components or ingredients
- Very weak; protectable as trademark only if can establish that term has acquired "secondary meaning"
- E.g., **HOMEMAKER** home care services



Trademark

Generic

- Words that designate the “genus” of the product or what the product is
- Cannot trademark
- E.g., THERMOS, ASPIRIN, CELLOPHANE



Trademarks

Creation

- Trademark rights conferred by use in commerce
- Registration with U.S. Patent and Trademark Office is not required, but brings benefits:
 - Nationwide notice
 - Can achieve incontestable status



Goods and Services

- Not “squatter's rights”
- Only registerable for the goods and services for which you seek trademark protection



Use it or lose it!

- Trademark law is dependent upon use of the mark
- No expiration date if still in use...
- ...but can be deemed abandoned if not used or not used properly.



Types of Marks

Color: *Canary yellow* for Post-it Notes;
Brown for vehicles for delivery services of UPS

Product **shape** as trade dress (non-functionality requirement):
Honeywell's round wall thermostat:



Stylized / Design Trademarks

- "WALMART"
- "WAL*MART"

WAL*MART



Walmart 
Save money. Live better.

Examples of Trademarks

Starbucks®

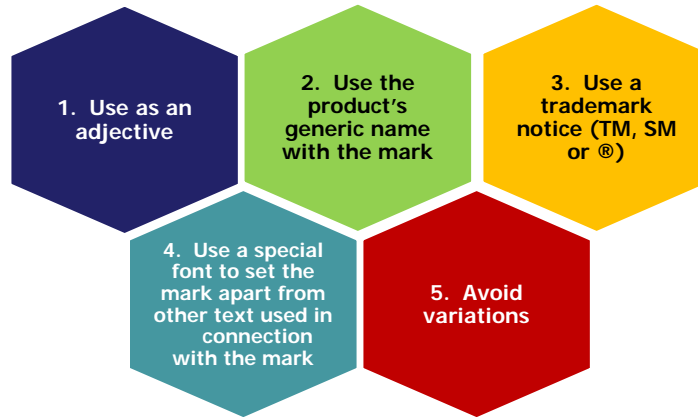


Examples of Trademarks

Nike®



Proper Trademark Usage



Some marks which have become generic and lost their trademark significance; aspirin, cellophane, escalator, milk of magnesia and dry ice.

Nature of Trademarks



Trademarks In Franchise Agreements

- The franchisor owns the trademark
- The franchisor controls the trademark
- No modifications may be made to the trademark without the franchisor's permission

Tips for a Protectable Trade Dress



- ***Be Creative.*** Only distinctive elements or a distinctive presentation of a combination of otherwise non-distinctive elements will result in broad trade dress rights.
- ***Be Consistent.*** The strength of your trade dress rights, just as with more traditional trademarks, is enhanced by consistency and weakened by inconsistency. A consumer will not equate a particular trade dress with you if that trade dress keeps changing.

Policing a Trademark

- Trademark owners must police their marks
 - If licensed to a third party, the owners must adequately supervise the use of the mark and quality of goods and services it is associated with to avoid abandonment of the mark
 - (Naked) Licensing
 - If unauthorized use by a third party, the owners should attempt to stop the infringement of the trademark



Eight Factor Test

The Sixth Circuit utilizes an eight-factor test in ascertaining whether a likelihood of confusion exists:

- 1 strength of the senior mark
- 2 relatedness of the goods or services
- 3 similarity of the marks
- 4 evidence of actual confusion
- 5 marketing channels used
- 6 likely degree of purchaser care
- 7 the intent of defendant in selecting the mark
- 8 likelihood of expansion of the product lines.

Cease and Desist Letter

- Who has priority?
- Are you prepared to litigate?
 - Venue: First to file



Be Proactive

- **Obtain trademark registrations for your brands**
- **Register your brand as domain names and usernames on the social media sites**
 - Key names and variations
 - Consider misspellings in domain names and social media sites
- **Create your own pages on various social media outlets**
 - Create fans
 - Control your own messaging, create positive image
 - Need to monitor your own webpages for content linked or posted, etc.



Be Proactive (cont'd.)

- **Consider assigning employees to learn and oversee social media networks and monitor brand discussions**



- **Utilize search engines to help find damaging content**

- Google.com/alerts (alerts for brands and company name)
- icerocket.com (searches blogs, Twitter, MySpace, news and images)

Search for:

- **If not monitored in-house, consider engaging independent monitoring service company**

- Can help rehabilitate brand damage by negative comments by new pages or having less flattering comments pushed to end of search results
- Examples: MarkMonitor, Thomson, Corsearch, Cision, etc.

Whose sites should you monitor?

- **Monitor closely websites having domain names that include your trademarks**
- **Prioritize enforcement efforts by knowing your customers.**
 - Not practical to review every social media site
 - Know which sites your customers are most likely to use (Facebook, Twitter, YouTube, MySpace, etc.)
- **Review sites of related, but non-competing goods/services**



Whose sites should you monitor? (cont'd.)

- **Review sites of your competitors**
 - Any issues of false advertising?
 - Any issues with comparative advertising?
 - Counterfeit goods?
- **Decide what content poses the greatest risk**
 - Infringing use of trademark
 - Counterfeit goods
 - Negative, inaccurate, or misleading comments



Develop Trademark Enforcement Strategy

- **Determine a strategy for dealing with infringement**
 - Consider the seriousness of the infringement
 - What harm is being done to your brand?
 - Avoid alienating your key demographics
- **Remember that certain improper uses should not be ignored**
 - Duty to police or risk abandonment



Develop Trademark Enforcement Strategy (cont'd)

- **Be careful with tone of enforcement mechanisms**
 - Softer tone for innocent infringer (loyal fan or customer)
 - News of poorly handled incident can spread rapidly
- **After innocent infringement incident remedied, consider sending out promotional items**
- **Take advantage of a website's complaint procedure**
 - YouTube, eBay, Twitter, and Facebook policies
- **Remember that U.S. law protects free speech so some criticism cannot be stopped**
 - Complete control over all negative comments is not possible



Hypothetical 1



- Client informs attorney that he is tired of his competitor, TAKE-X, using his SUREFIRE brand for temporary employment services. Client says that TAKE-X has been illegally using his trademark for at least 3 years and he learned about them approximately 11 months ago. Client says he is now receiving calls from customers that appear to be confused about whether his business is "teamed up" with TAKE-X. He says he needs it to stop immediately.
- What can Client do?
 - What can be done immediately?

Hypothetical 2



- Client recently discovered that an unknown person has purchased a domain name that includes the Client's key brand in the domain name (www.gogoNIKE.com). Client wants to prevent the person from infringing her trademark rights. Currently, the website is parked - there are no goods or services being offered for sale on the website.
- What actions, if any, can Client take?

Hypothetical 3

- Client hires marketing firm X-FIRE to develop a logo for Client. Client pays X-FIRE an hourly fee over the course of three weeks. Client has its website developer put the logo on its website. After the logo has been on the Client's website for 7 months, Client falls behind on payments to the marketing firm. X-FIRE now claims that it owns the logo and demands that the Client take it off its website. When Client refuses to take the logo down, X-FIRE sells the same logo to a competitor of Client to try to recoup some of the money lost. X-FIRE files a lawsuit against Client for trademark infringement.
- Who owns the logo?
 - What rights, if any, does X-FIRE have?



Hypothetical 4

- 15 years ago, your client registered trademarks: “Applesoft,” “Greenshoes,” and “TreeLeather” for use in conjunction with “the manufacture and sale of footwear.” He wants your advice on how he might value his marks for sale. Client tells you that he never used the mark GreenShoes in commerce. Also, Client has used the mark “TreeLeather,” for about 5 years, and he marketed it heavily, all over magazines, billboards, his shoeboxes, his retail store displays, etc. However, his marketing director reported, however, that customers find the term “creepy.”
- Which trademarks are more valuable?



Hypothetical 5

- Client explains that he “licensed” from 1999 to 2018 his federal trademark “GreenRace” to a charitable organization. He tells you he signed an agreement to the effect that Races for Research, a environmental research fundraising organization, could use the term GreenRace in conjunction with any of their events, so long as the organizers wore Applesoft shoes and the winners were given TreeShoes as prizes.
- Client is seeking advice on what rights he has in the trademark and whether the license has affected his rights.



Defamation

- What is Defamation?
 - Making a false statement, oral or written, about another person
- What is libel?
 - Form of defamation that is written that results in injury to the person's character or reputation
 - What about annoying, offensive or embarrassing statements?
 - Actionable statement must reasonably hold the person up to public hatred, contempt or ridicule.
- What is slander?
 - Slanderous statement that is spoken, not written

Defamation (cont'd)

What are the elements?

- Statement (written or oral) communicated to another person (known as publication)
- Knowledge that the statement is false or made without taking appropriate steps to determine whether it was true

NOTE:

- Public figure is different; harder for public figures to prove case.

Defamation (cont'd)

Statute of Limitations - Deadline to take action:

1. If libel – one year from date of publication or one year after discovered by plaintiff
2. If slander – six months after words were uttered. NOTE: no exception on timing for discovering slander after six months.

Defamation (cont'd)

Defenses to defamation:

- The "Truth" Defense
- Privileged – statements made in court or within governmental body are exempt
- "Good Faith Belief" – statement made with good faith belief that it is true
- Innocent Publication – when defendant had no actual knowledge that statement of fact was defamatory
- Statute of Limitations
- First Amendment right to freedom of speech to give opinion

Hypothetical 1



- Client is concerned because Blogger 1 has uploaded a YouTube video that makes comments about her business that are untrue. Client knows the identity of Blogger 1 and believes that Blogger 1 knows that his statements are false.
- Are the statements made in the YouTube video libel or slander?
 - Does the answer change if the comments had been written in a blog as opposed to a YouTube video?
- What if comments were that Client was a jerk, rude, and dishonest?

Questions?



Adam S. Baldrige

Shareholder - Intellectual Property Group

BAKER, DONELSON, BEARMAN, CALDWELL & BERKOWITZ, PC

165 Madison Ave., Suite 2000

Memphis, Tennessee 38103

(901) 577-2102

abaldrige@bakerdonelson.com