

**A PRIMER FOR
IDENTIFYING AND PROTECTING INTELLECTUAL PROPERTY ASSETS**

**MID-SOUTH SCULPTURE ALLIANCE
INTERDISCIPLINARY SCULPTURE CONFERENCE**

**SCHOOL OF DESIGN, ARCHITECTURE, ART & PLANNING
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I. COPYRIGHTS (www.loc.gov/copyright/)

A. Recognizing Copyrights

1. Ideas vs. Expressions

- a. Historically, ideas have been considered unprotectable--"as free as the air". Copyright protection does not extend to any idea, procedures, process, system, method of operation, concept, principle of discovery. Nevertheless, a body of law – the law of ideas – is emerging to protect ideas which are concrete from misappropriation under circumstances evidencing breach of implied or express contract or of fiduciary or confidential relationship.
- b. Copyright does protect expressions of ideas meeting certain requirements:
 - (1) Originality, meaning "owes its origin to the author"
 - (2) Fixation in a tangible medium of expression having sufficient permanence.
- c. Copyright "subsists"--springs into existence--at the moment of creation.

2. Copyright is a "bundle of exclusive rights."

- a. Section 106 sets forth the exclusive rights in copyrighted works

Subject to sections 107 through 118, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works to perform the copyrighted work publicly;

- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and,
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

It should be noted that "to perform or display a work publicly" now includes:

to transmit or otherwise communicate a performance or display of the work [to a substantial group] or to the public, by means of any device or process, whether the public are capable of receiving the performance display - receive it in the same place or in separate places and at the same time or at different times.

- b. Visual Artists Rights Act (VARA), Section 106A provides additional rights to authors of "works of visual art," namely, the rights of attribution (right to claim or deny authorship) and integrity (right to prevent distortion, mutilation or modification). VARA's rights apply to paintings, drawings, sculpture and still photography existing in a limited edition of 200 or fewer signed and numbered editions.

3. Copyright Protection Limitations

- a. Works of Utility Doctrine: The Copyright Act defines a "useful article" as "an article having a utilitarian function" or "an article that is normally a part of a useful article." Copyright does not protect the function of a work. Useful articles are denied protection. Thus, unless the decoration or embellishment is conceptually (not physically) "separable" from the utilitarian object, it cannot be protected by copyright.
- b. Fair Use Doctrine: Under some circumstances, the unauthorized use of a copyrighted work will be excused on the basis of public policy – for example, in matters of criticism, comment, news reporting, teaching, scholarship, research, parody and satire. Factors for consideration include:
 - (1) Purpose of the use, e.g., commercial or non-profit educational, including whether the use is "transformative";

- (2) The amount of material taken; and
 - (3) The effect on the value of the work.
4. Distinction between physical property and intellectual property:
- a. First Sale Doctrine: Copyright owner has the right to sell the physical property in which copyright is embodied. But, once sold, the owner of that particular copy acquires the right to resell the physical work and to display the work publicly without the copyright owner's permission.
 - b. The transfer of the material object does not transfer the copyright in the absence of an express agreement.

B. Duration of Copyright Protection:

- 1. For works published after January 1, 1978, copyright term lasts for the life of the author plus 70 years.
- 2. For anonymous, pseudonymous and many "works for hire," the term is either 95 years from first publication, or 120 years from creation (fixation), whichever expires first.
- 3. Prior to January 1, 1978, an earlier version of the Copyright Law -- the 1909 Act -- was in force, under which copyright lasted for 2 terms of 28 years. After January 1, 1978, the Copyright Revision Act of 1976, together with the Sonny Bono Copyright Term Extension Act, changed the earlier set-up and extended copyright duration:
 - a. For works in 1st 28-year term, a renewal term of 67 years is provided.
 - b. For works in 2nd 28-year term, the total period of copyright protection is extended to 95 years.
- 4. Transfers of rights can be terminated during the 5 years following the 35th year of the copyright term.

C. Notice, Deposit, Registration

- 1. Notice -- © 2003 Joe Author -- should be placed on all publicly distributed copies.
 - a. Notice should be located on the work so as to give reasonable notice. The duty to discover notice is on the infringer.

- b. Contributions to collective works do not need separate notice. The copyright notice applicable to the collective work satisfies notice requirements. This does not apply to advertisements which must have separate notice.
 - c. ALL RIGHTS RESERVED language is unnecessary except in a few foreign countries. Include to be on the safe side.
 - d. Consequences of Notice Omission:
 - (1) Under 1909 Act, applicable to works created prior to January 1, 1978, failure to affix proper notice to a work would cause ejection into the public domain.
 - (2) Under the Copyright Revision Act, applicable to works created prior to January 1, 1989, failure to affix proper notice would cause ejection of the work into the public domain, unless:
 - (a) Notice omitted from only a "relatively small number of copies" (e.g., 500,000 out of 22,000,000 copies; 500 out of 325,000 yards; 400 of 40,000 dolls; 1%); or
 - (b) Copyright registration applied for within 5 years of publication and omission is cured by reasonable efforts to affix notice.
 - (3) Now, Berne Convention Implementation Act eliminates mandatory notice requirement. Still, notice should be used because -
 - (a) In the event of infringement litigation, its inclusion will defeat an "innocent infringement" defense; and,
 - (b) Not all countries have adopted the Berne Convention, and instead, follow the Universal Copyright Convention pursuant to which notice is still a formality.
2. Copyright registration applications and instructions are available at www.copyright.gov/forms. Filing fee is \$125 if paper registration form is used, \$45 for online filings for one, non-work-for-hire work by a single author/claimant, and \$65 for all other filings. For visual arts works, use Form VA.
 3. Certificate of Registration constitutes prima facie proof of ownership and validity of copyright.

- a. Registration is an absolute prerequisite to filing an infringement suit.
- b. Remedies available to a prevailing copyright owner in an infringement suit vary based on when copyright is registered:
 - (1) If registered prior to publication or within 3 months of 1st publication,
 - (a) Election between statutory and actual damages;
 - i) \$750-\$30,000 per infringement;
 - ii) \$150,000 if willful;
 - iii) Not less than \$200 if innocent;
 - (b) Attorney fees;
 - (c) Costs;
 - (d) Injunction, impoundment.
 - (2) If infringement of unpublished or published work occurs prior to effective date of registration, no attorneys fees or statutory damages will be awarded.
 - (3) Service providers who act as "mere conduits" in the transmission, routing, provision of connections or storage of protected works are shielded from liability under most circumstances for user-generated content.
- c. Consequences of Failure to Register:
 - (1) For works created prior to January, 1978, registration was not necessary to create copyright so long as the work was published with proper notice, and publication was "promptly" followed by a deposit of the work and the filing of a registration claim.
 - (2) For works created between January, 1978 and February, 1989, registration was only necessary to prevent ejection into the public domain where done to cure omission of notice from a relatively small number of copies.
 - (3) Since March 1, 1989, failure to register will not eject the work into the public domain.

D. Effect of Failure to Protect Copyright

1. Abandonment only occurs when the owner intends to surrender copyright. Typically, abandonment requires an overt act evidencing intent to surrender, for example, the circulation of copies without notice or the failure to prevent infringement over a long period of time.
2. Statute of limitations is 3 years after infringement. This is a “rolling” statute, meaning it cuts off the time period for assessing damages, but not the time period for bringing suit for infringement. The copyright owner has a duty to discover infringements through the exercise of reasonable diligence, and where such diligence has been exercised, the running of statute of limitations may be tolled until discovery.
3. Laches is an inexcusable delay in the assertion of rights which is prejudicial to the infringer by reason of the infringer's reliance on or change of position as a result of the delay. Because the 3-year copyright statute is a “rolling” statute, laches is inapplicable to copyright infringement actions.

II. TRADEMARKS (www.uspto.gov)

A. Recognizing Trademarks

1. Trademark is word, name, symbol which identifies the source of a product or service, and represents the good will of a going business.
 - a. Trademark identifies goods.
 - b. Service mark identifies services.
2. Trade dress is the overall appearance of a product. It can consist of packaging. It can also consist of product design, but product design is more difficult to protect.
 - a. Trade dress cannot be primarily functional. A feature is functional if it affects the cost or quality of the article and if exclusive use of the feature will negatively affect competition.
 - b. Trade dress must serve a source-identifying function. It will meet this requirement if it is inherently distinctive (not merely ornamental) or if it has acquired secondary meaning – that is, if in the minds of the public, the product feature's primary significance is to identify the source of the product.
3. Trademark Functions:

- a. Designates the source or origin of a particular product or service, even though the source is to the consumer anonymous;
- b. Denotes a particular standard of quality which is embodied in the product or service;
- c. Identifies a product or service and distinguishes it from the products or services of others;
- d. Symbolizes the good will of its owner and motivates consumers to purchase the trademarked product or service;
- e. Represents a substantial advertising investment and is treated as a species of property; or,
- f. Protects the public from confusion and deception, insures that consumers are able to purchase the products and services they want, and enables the courts to fashion a standard of acceptable business conduct.

4. Selecting The Mark

- a. Truly distinctive marks are the strongest and most protectable:
 - Arbitrary -- Strongest
 - Suggestive -- Strong
 - Descriptive -- Require Secondary Meaning
 - Generic -- Unprotectable
- b. Marks are evaluated in the entirety based on sound, meaning and appearance, and should not be dissected into component parts. The standard for comparison is "likelihood of confusion":
 - (1) The strength of plaintiff's mark;
 - (2) The similarity between the marks;
 - (3) The proximity of the products;
 - (4) The likelihood that plaintiff will bridge the gap between the products;
 - (5) The methods of marketing the products;
 - (6) The defendant's good faith in adopting the mark;
 - (7) The quality of defendant's products; and

(8) The sophistication of the consumers.

B. Acquiring Trademark Rights

1. Trademark rights are acquired through the actual use of the mark in commerce:
 - a. Trademark use for goods is accomplished by affixing or attaching the mark to product through tags, labels or packaging, or in point of purchase displays.
 - b. Service marks require use through advertising of a service which is actually available.
2. Generally, where the mark is used without registration, the protectability of the rights is limited to the geographic area in which the mark has acquired secondary meaning.
3. If the mark is used in interstate commerce, federal trademark registration is available. (Priority is based on first use, not first registration.)
4. Federal trademark law allows applicants to file to register marks that they intend to use, but have not yet used in commerce as required. Upon achieving use in commerce, the applied for mark can be registered.
5. Certain marks of "distinctive quality" are considered "famous", e.g., COCA-COLA, CHRYSLER, PANAVISION, XEROX, based on the following factors:
 - a. The mark's inherent or acquired distinctiveness;
 - b. The duration and extent of its use;
 - c. The geographical extent of its trading (market) area;
 - d. The degree of recognition in the trading area and channels of trade;
 - e. The extent of use of the same or similar marks by others;
 - f. Whether the mark is federally registered.

C. Trademark Abandonment

1. Abandonment through non-use occurs when the mark goes unused for an extended period of time and the owner intends to relinquish its legal rights. Failure to use a mark for 3 years creates a rebuttable presumption of abandonment. Where intent to resume use can be shown or some non-token use (e.g., presence at trade shows, sporadic sales, attempts to license), the presumption can be rebutted.
2. Abandonment through loss of trademark significance occurs when, because of the owner's conduct, the trademark ceases to function as a designation of origin and no longer distinguishes the owner's goods (or services) from those of others. Loss of trademark significance will, typically, arise under the following circumstances:
 - a. "Naked" licensing without control of the nature and quality of the goods sold under the mark or the way the mark is used;
 - b. Mark becomes generic to a majority of the purchasing public as a result of improper use of the mark, failure to protest misuse and/or failure to educate the public as to the proper generic term. Proper use of a mark requires that the mark not be used as a noun: "Aspirin", "Cellophane", "Zipper" are examples of marks rendered generic through non-trademark use.
 - c. Failure to take legal action against infringers, including:
 - (1) Action under the federal trademark law, the Lanham Act, for both registered and unregistered marks;
 - (2) Action under state statutes;
 - (3) Action under the Federal Trademark Dilution Act of 1995, which protects "famous" marks from dilution by -
 - (a) Tarnishment which harms the distinctiveness of the mark by associating it with unsavory elements, such as pornography; and,
 - (b) Blurring which dilutes the mark by "whittling away" at its ability to connote a single source of the owner's products or services.
 - (4) Action under the Anticybersquatting Consumer Protection Act which imposes civil penalties for Internet addresses containing trademarks owned by others or confusingly similar or dilute marks.

III. TRADE SECRETS

A. Recognizing Trade Secrets

1. Uniform Trade Secret Act (USTA) defines "trade secret" as follows:

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.

2. Other definitions of "trade secret" invariably require that the subject matter of a trade secret be secret. Hence, though seemingly axiomatic, whether a trade secret exists is a factual determination that involves two categories of inquiry: (1) whether the subject matter is generally known or knowable, and (2) whether it has been treated like a secret -- that is, whether its owner has made reasonable efforts to keep the subject matter secret.

B. Reasonable Efforts to Maintain Secrecy

1. The owner has an affirmative duty to guard its secret information through reasonable measures. In practical terms, this requires the owner to identify with specificity each of its trade secrets and take appropriate steps to protect those secrets.

Employees and other persons to whom such information is disclosed, should be advised of its trade secret status. Trade secret law places on the owner the duty to give recipients notice of the existence of the secret. The disclosure of the information should be under circumstances which create, either by virtue of the relationship between the parties or by operation of an agreement between them, an understanding and an obligation that the recipient maintain the trade secret in confidence.

- a. Use confidentiality agreements which specify the categories of secret information to which the employee or other person will be exposed.

- b. Include information about confidentiality and nondisclosure expectations in Employee Manual(s).
 - c. Allow access only on a "need to know" basis.
 - d. Use documented entry, periodic, and exit interviews to identify trade secrets and reinforce the duty of non-disclosure.
2. General Security Measures: Devise a security program tailored to the protection of the particular secret, generally, a combination of security measures which, in their totality, are reasonable under the circumstances. At a minimum, follow standard practice in the relevant industry. Consider the adoption of written policies and procedures, but do not adopt written policies and then fail to follow them.
 3. Specific Security Measures: Consider adopting those measures which are reasonable and appropriate to the protection of the secret at issue:
 - a. Facility Security;
 - b. Document Security;
 - c. Computer Security; and
 - d. Online Security.

C. "Abandoning" Public Disclosures

1. Disclosures that are limited in scope and made to persons bound to maintain confidentiality do not, as a general rule, cause trade secret abandonment. Other disclosures -- particularly, broad public disclosures by the owner or the owner's authorized representative -- cause abandonment of the element of secrecy and loss of trade secret status. Not only are such public disclosures considered indicative of the owner's carelessness in guarding the secret; they also tend to result in dissemination of the information which makes the information generally known or easily ascertainable.
 - a. Relationship Between Trade Secrets and Other Intellectual Property Protections: Trade secrets are, of course, intellectual property. Often, they are described by or embodied in materials and objects which may also be protectable under copyright and patent grants. Whenever feasible, trade secret security should be designed to coexist with other forms of intellectual property protection.

(1) Copyright Considerations

(a) Copyright specifically does not protect – any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work. For example, copyright will protect computer program source code or object code as a "literary work, but will not protect algorithms, hierarchical menu commands, command/ communication protocols, imagine retrieval routines or the manner in which program elements are combined.”

(b) Trade Secret Disclosure Risk

As part of the application process, the work must be deposited with the Library of Congress -- thereby, making public any trade secrets incorporated in or otherwise revealed by the work. Redact trade secrets in the deposit copy of the work.

(2) Patent Considerations

(a) Patent Protection

To be patentable, an invention must provide "a new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof."

(b) Trade Secret Disclosure Risk

The patent must disclose the "best mode" of practicing the invention known to the inventors at the time of filing:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise and exact terms as to enable any person skilled in the art... to make and use the same ...[.]

Patent applications are maintained in secret by the PTO. Patents, on the other hand, once issued, are public records; their content is in the public domain. If the subject matter of the patent and the

trade secret are "substantially identical," issuance of the patent results in abandonment of the trade secret.

2. Disclosure Through Sale, Use or Exhibition

- a. Disclosure through marketed product where the claimed trade secret (e.g., design, ingredients, combination of parts, method of manufacture) is incorporated into a marketed good and is discoverable by mere observation or, even, reverse engineering.
- b. Disclosure through public use and exhibition where an authorized public use of an item discloses trade secrets incorporated therein.
- c. Disclosure through transfer of possession where manufacturing tools and equipment which are part and parcel to a claimed secret manufacturing method or process may embody or even constitute trade secrets.

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