



Trademark, Copyright and Licensing for Engineers

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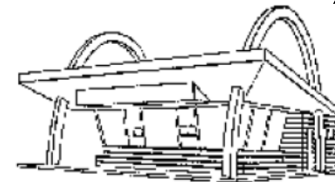
TRADEMARKS

- What is a trademark?
- How do you protect a trademark?
- How do you avoid infringing trademarks of others?



What is a Trademark?

- Indicates source of goods (trademark) or services (service mark)
- Can be a word – XEROX, PEPSI, MAYTAG
- Can be a symbol or logo -   
- Can be a color - brown (UPS), canary yellow (Post-It)
- Can be a sound -   
- Can be a product configuration (trade dress)



How Do You Protect a Trademark?

- Through use
 - Lanham Act, 15 U.S.C. § 1125(a)(1) – “Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any **word, term, name, symbol, or device . . .**
 - which (A) is **likely to cause confusion . . .** as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . .
 - shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.
- Contractors generally do not own trademark rights.



How Do You Protect a Trademark?

- With a federal Registration:
 - Search – looks for the same or similar marks for the same or related goods/services
 - Apply – file application for each class of goods/services
 - Examination – trademark examining attorney decides if mark is generic, descriptive, offensive, confusingly similar to registered mark
 - Publication – if allowed by examiner, then published for opposition
 - Registration – mark registered if no opposition
 - Cancellation – prior user can seek to cancel mark even after registration
 - Affidavit of use – must be filed to keep registration in force



How Do You Protect a Trademark?

- With a state registration
 - Similar to federal registration, but only good in one state
 - Often used if federal registration is unavailable
 - First user in a geographic area always has precedence, even if unregistered
 - Federal registration has precedence over state, but only if federal registrant is using the mark in the state
 - Federal trademark office concurrent use proceeding or district court litigation can be used to resolve conflicts
- Can only use ® with a federal registration, use ™ with state registration.



Trademark Infringement

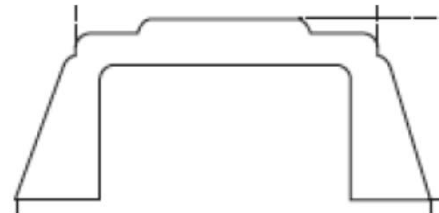
- Trademark owner has duty to police use of the mark
- Must stop others from using mark or will lose rights
- Mark can become generic if owner fails to protect
 - Aspirin
 - Escalator
 - Trampoline
 - Videotape
- Owner must stop others from using the mark generically
 - Band-Aid, Xerox advertise to stop generic use



Case Example: Astoria v. BrandFX

(Texas Court of Appeals)

- BrandFX manufactured truck toppers with stair step design starting in 1996:



- In 2002, Astoria started selling toppers with the stair step design.
- In 2003, BrandFX sued Astoria for trade dress infringement, false advertising, business disparagement, defamation, tortious interference and other claims.



Case Example: Astoria v. BrandFX

- Bad facts for Astoria:
 - Astoria engineer Randy Thole acknowledged that Astoria developed its stair-step topper to be as similar to Brand FX's design as possible.
 - Astoria obtained engineering drawings of the Brand FX topper from one of its customers, and used a Brand FX topper to make a mold to manufacture its look-alike topper.
 - Astoria sold its stair-step toppers for approximately one-half of the price charged by Brand FX.



Case Example: Astoria v. BrandFX

- More bad facts for Astoria
 - Astoria advertisement - "DARE TO COMPARE"
 - "When choosing fiberglass utility bodies, Astoria Industries of Iowa should be your supplier!"
 - "High Quality Astoria Bodies vs. Low Quality Brand X Bodies."
 - (1) "No Engineering and built with sub-standard materials"
 - (2) "Short term cost with long term expenses"
 - (3) "Built to their standard"



Case Example: Astoria v. BrandFX

- To establish trade dress infringement, BrandFX had to prove:
 - (1) the design is not primarily functional
 - (2) the design has acquired a secondary meaning by which the public identifies it with the source of the product rather than merely the product itself
 - (3) the alleged infringement creates a likelihood of confusion



Case Example: Astoria v. BrandFX

- Functionality –
 - Thole (Astoria's engineer who developed its version of the stair-step topper) testified that the stair-step design is not essential to the use or purpose of a work topper.
 - Brannan (Astoria's former chief engineer) testified that the stair-step design is not essential to strengthen the roof of a topper, because the dome shape gives the roof enough strength for the topper's intended use.



Case Example: Astoria v. BrandFX

- Secondary meaning:
 - (1) length and manner of use of the trade dress – at least since mid-1990s
 - (2) volume of sales – evidence of past sales
 - (3) amount and manner of advertising - none
 - (4) nature of use of the trade dress in newspapers and magazines - none
 - (5) consumer-survey evidence - none
 - (6) direct consumer testimony – two witnesses
 - (7) the defendant's intent in copying the trade dress – admitted
- Likelihood of confusion
 - Jury found there was a likelihood of confusion



Case Example: Astoria v. BrandFX

- Conclusions and lessons learned
 - Do not copy designs (or trademarks).
 - Trade dress (the non-functional appearance of a product) can provide protection, even where the trademarks are different (Brand FX versus Astoria).
 - Unregistered trademarks and trade dress can still result in substantial damages (\$1.8 million in this case).



Copyrights

- What is a copyright?
- How do you protect a copyright?
- How do you avoid infringing copyrights of others?



Copyrights

- What is a copyright? (17 U.S. Code § 106).
 - Exclusive right to make copies
 - Exclusive right to perform
 - Exclusive right to make derivative works
 - Right to grant licenses
- Limitations to exclusive rights:
 - Fair use - for purposes such as criticism, comment, news reporting, teaching, scholarship, or research (17 U.S. Code § 107).
- No protection of underlying idea, just expression of idea.



Copyrights

- Copyright Act 17 U.S.C. § 102 defines works amenable to copyright protection:
 - (1) literary works;
 - (2) musical works, including any accompanying words;
 - (3) dramatic works, including any accompanying music;
 - (4) pantomimes and choreographic works;
 - (5) pictorial, graphic, and sculptural works;
 - (6) motion pictures and other audiovisual works;
 - (7) sound recordings; and
 - (8) architectural works.



Copyrights

- How do you protect a copyright?
 - Rights created when work is fixed in a “tangible medium of expression.” (17 U.S. Code § 102).
 - No need to register, but registration provides additional protection:
 - Statutory damages, attorney’s fees
 - Federal court jurisdiction (can’t sue without registration)
 - No need to mark with copyright symbol ©, but marking provides notice.
 - Registration with the U.S. Library of Congress is relatively expensive and can be done online at <http://copyright.gov/eco/>
 - Contractor is presumed to own copyright, unless otherwise agreed.



Case Example: MGM v. Grokster

(U.S. Supreme Court)

- Grokster – peer to peer file sharing
- Used FastTrack network – requests sent to supernodes (with indexes of node contents), or individual nodes
- No central server
- As a result, Grokster had no knowledge of individual downloads
- Evidence showed at least 90% of files downloaded were copyrighted
- Some evidence that Grokster was promoting use for copyright infringement



Case Example: MGM v. Grokster

- For example, Grokster newsletter promoted ability to obtain particular popular copyrighted materials.
- Grokster made money from advertising, so more users (infringing or otherwise) meant more money.
- No evidence that Grokster tried to filter or impede copyrighted materials from being transferred.



Case Example: MGM v. Grokster

- 9th Circuit Court of Appeals – no infringement based on *Sony v. Universal* (U.S. 1984), which concerned VCRs.
- Sony sold VCRs and encouraged users to record shows and create libraries of recordings.
- But, VCRs are capable of substantial non-infringing use, as is Grokster (10% of material was not copyrighted).
- No vicarious liability, because Grokster did not monitor or control use, had no ability to do so, and had no duty to police use for infringement.



Case Example: MGM v. Grokster

- Supreme Court – reversed and remanded.
- 9th Circuit did not give enough weight to evidence of intent – no evidence that Sony intended for VCRs to be used to infringe copyrights, but evidence showed that Grokster did.
- BUT – The *Sony* case was a 5-4 decision with a strong dissent, and created a judicial concept of “time-shifting” as a fair use that did not exist in the Copyright Act at that time to hold no intent.
- The only reason that Sony was not inducing infringement was because the Court ruled that making VCR copies was not infringement by creating “time-shifting.”
- “Time-shifting” has never been adopted in any legislation.
- So – why not “space-shifting?”



Case Example: MGM v. Grokster

- Lessons learned:
- If you sell hardware or software that is capable of being used to infringe copyrighted works, do not encourage infringement.
- Fair use is a judge-made concept that can change over time.
- Legislation is slow to catch up with changes in technology.



Digital Millennium Copyright Act

- The Digital Millennium Copyright Act (DMCA) attempts to address some issues arising from digital technology:
 - Illegal to try to circumvent digital protection, or to sell devices or software that allows protected works to be copied
 - “Safe harbor” for Internet service providers – if copyright owner provides notice of infringement, ISP avoids liability if they take down work.



Licensing

- Licensing refers to a grant of rights from an owner of the right, to allow others to use the right for a period of time.
- Trademarks and copyrights can each be licensed.
- Licenses are typically subject to state law (no general federal licensing laws).
- Licensed rights can be those created under federal law (trademark, copyright, patent).
- Patent licensing will not be covered in this presentation.



Licensing - Trademark

- General requirements of a trademark license:
 - Royalty – typically charged for each item sold, but can be lump sum or any other structure.
 - Term – trademark owner has to be able to terminate license if quality is not being controlled, otherwise no term limitations are required.
 - Quality control – without quality control provisions, license is a “naked license” and invalidates trademark rights. Typical provisions give licensor the right to inspect manufacture, right to approve advertising.
 - Many other license provisions that are important (definitions, reservation of rights, governing law, forum selection, arbitration, audits, sub-licensing, territory, etc.)



Licensing – Copyright

- Copyrighted works are typically licensed and not sold
- General requirements of a copyright license:
 - Term
 - License fees (annual versus lump sum, support)
 - Number of users
 - Right to sub-license or transfer license
 - Whether work is Open Source



Case Example: Vernor v. Autodesk

- Facts –
 - Vernor bought Autodesk software in unopened packages, and posted for sale on eBay
 - Autodesk sent takedown notices to eBay under the DMCA
 - Vernor sued Autodesk for improper DMCA notices, under the first sale doctrine, because he never opened the packages, never installed the software and never agreed to the license terms
 - Vernor won in district court, Autodesk appealed to 9th Circuit.
 - 9th Circuit reversed.



Vernor v. Autodesk

- 9th Circuit held that a software user is a licensee and not the owner of a copy where the copyright owner:
 - specifies that the user is granted a license and does not own a copy
 - restricts the user's right to transfer the software; and
 - imposes notable use restrictions.
- Thus, even though Vernor never opened the package and agreed to the license, he is still held to the license terms.
- Probably not a big issue, as most software is downloaded.



Licensing Wrap Up

- Licenses are contracts, specific contract provisions will control
- Licensor can generally impose any restrictions that they want
- Licensees have limited recourse if they disagree with the license terms
- If you buy a copy of the software, then you have better rights.



Questions?

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