



The Basics of Protecting Your Client's Intellectual Property

Part II

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In my prior article (published in August 2008), I gave a basic primer on the most common forms of intellectual property (or “IP”)—copyright, trademark, patent, and the right of publicity. Here, I’ll describe additional ways to help your clients safeguard these valuable assets, and summarize an additional type of IP.

Trade Secrets

Like the right of publicity, trade secrets are protected by state law. Their boundaries are less certain and more case-specific than federal IP rights. But many states, including Michigan, have adopted the Uniform Trade Secrets Act MCL 445.1901 - 445.1910 to add clarity.

A trade secret is “information, including a formula, pattern, compilation, program, device, method, technique, or process” that derives economic value from being secret and is “the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” MCL 445.1902(d). Customer lists, manufactur-

ing techniques, proprietary software, and product pricing structures have all been found to be trade secrets.

But again, this right is case-specific. The “secret” cannot be something that a competitor could easily deduce. And the owner must take active steps to protect the secret. It is not enough to assume that employees, contractors, or vendors who learn the secret know, or are under any duty, to keep it confidential.

Courts may enjoin actual or threatened misappropriation of trade secrets, impose a reasonable royalty, and award damages. Attorneys may wish to encourage their clients to inventory their trade secrets and audit their means of preserving secrecy. Quick action may also be necessary if an employee with access to secrets leaves—especially if he moves to a competitor.

Alternative Forums for Enforcing Trademark Rights

A federal trademark infringement lawsuit is not the only way to enforce

trademark rights. The Trademark Trial and Appeal Board (“TTAB”) is a subdivision of the U.S. Patent & Trademark Office that adjudicates disputes concerning federal trademark registrations. If your client believes that a pending trademark application would cause confusion with its mark, it can bring an “Opposition” action in the TTAB to prevent the mark from being registered. The PTO publishes a Gazette of pending applications.

The client could also bring a “Cancellation” action (as one of my Sterling Heights clients did) to de-register a similar mark that is no longer being used in the marketplace, but is preventing the client’s mark from being registered. TTAB proceedings are less expensive than full-blown litigation, because their scope and rules are much simpler. Pleadings are all filed electronically, and attorneys do not need to be separately admitted to the TTAB bar.

To combat infringing domain names, there are Uniform Dispute Resolution Policy (or “UDRP”) arbitrations. The UDRP allows any

trademark owner who believes that a domain name was registered in bad faith and is infringing its mark to file an action in any one of several participating arbitration forums. If the plaintiff wins, it gains control of the domain name. Every person who registers a domain name signs terms obliging them to follow this policy.

I recently used a UDRP action to recover a domain name for a retailer at Partridge Creek. The domain was being used by one of those ubiquitous advertisers who post pages full of ads for free vacations and enhancement medications. UDRP actions cost at least a few thousand dollars and cannot award damages, but they are usually resolved within 6 months of filing. Not bad compared to litigation.

Sponsored Ads

One of the cutting-edge fronts in trademark litigation is online sponsored advertising. Companies pay search engines to post their advertisements when a user searches for a particular

word or phrase. But these lead to trademark problems when a competitor purchases your client's name or trademark as its own AdWord. In other words, it would be as if Burger King paid Google to post its ads each time a user searched for "McDonalds."

In a recent deposition, a defendant admitted doing the same thing to one of my local clients. Try googling your client's marks, and see which ads appear.

The Digital Millennium Copyright Act of 1998

The additional remedies created by this statute are

still causing headaches, ten years later. For example, the DMCA prohibits the production and dissemination of technology designed to circumvent protective measures on copyrighted material. This was primarily aimed at those who "crack" copy-protections on DVDs, but has since been asserted against such people as lawyers who printed web pages as evidence, and gamers using "bots" to play World of Warcraft. There are exceptions in the act, and every few years, the U.S. Copyright Office publishes regulations that exempt certain groups from this restriction.

The DMCA also prohibits removal of "copyright management information" (such as the © symbol or byline) to promote infringement. And it created a process for "take-down notices," an easy way for copyright owners to request that a website remove potentially infringing material. YouTube users have become

well-acquainted with this device in recent years. There is still plenty more to learn about IP. It will often make sense to consult a specialist when your clients encounter these issues. But as IP issues pervade more and more areas of law and life, it pays for every lawyer to be able to spot them. ■

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