

The Venable Brand IP Seminar (San Francisco)

Genevieve Burch

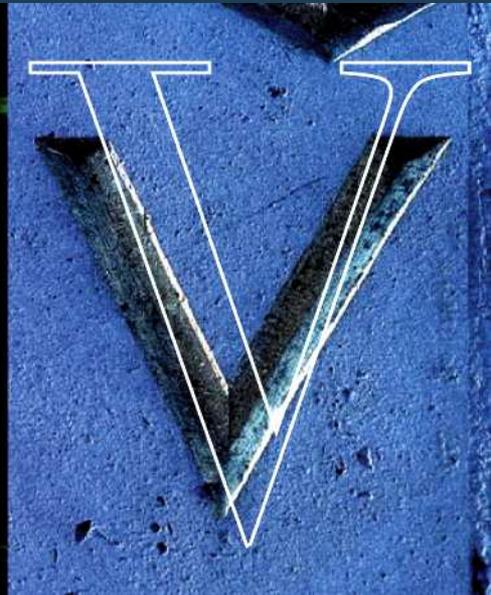
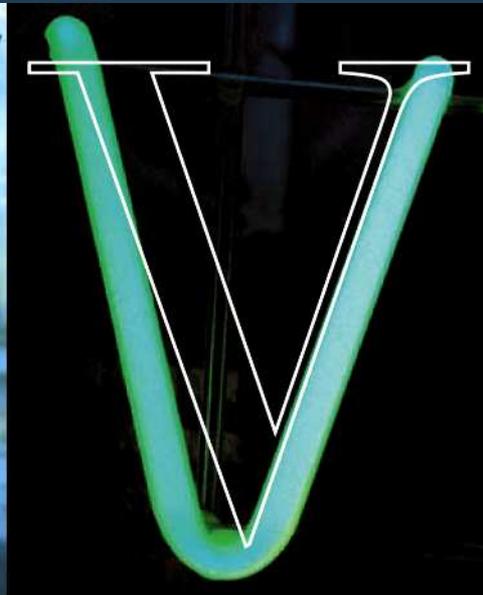
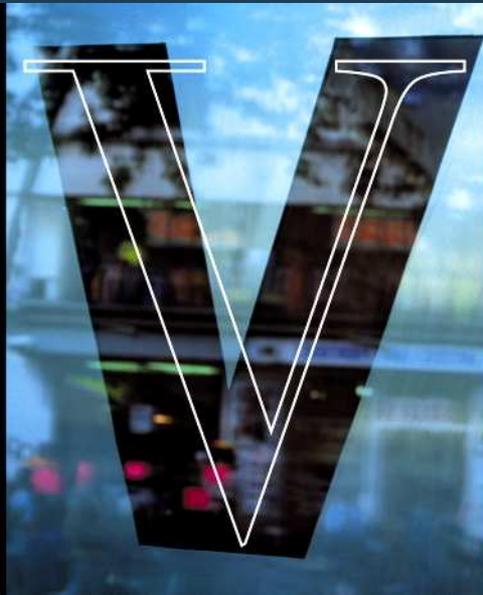
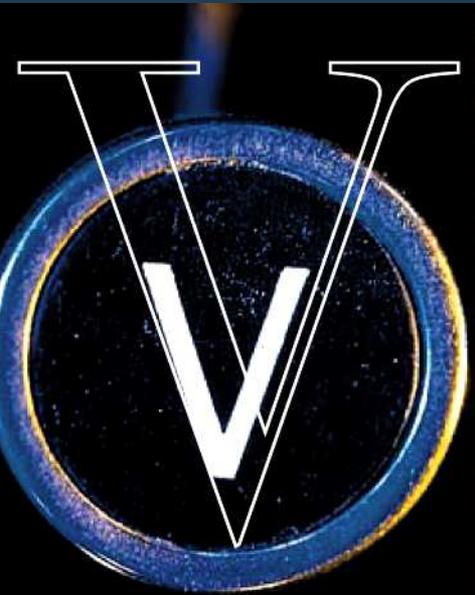
Paul Ortiz

Tom Wallerstein

Michelle Ravn Appelqvist

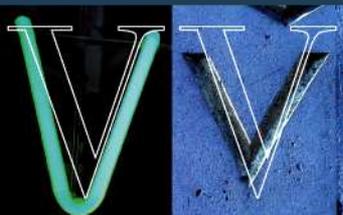
Justin Pierce

April 24, 2014



Overview

- Introduction
- Trademarks in Beverage Alcohol
- Secure Supply Chain
- Trade Secrets
- Establishing a World-Class Brand Protection Program
- IP Strategies for the Emergence of 3D Printing
- Questions



Trademarks in Beverage Alcohol

Genevieve Burch
Associate General Counsel



Agenda

- Who We Are
- The Private Label Opportunity
- Trademark Issues Unique to Beverage Alcohol



Who We Are

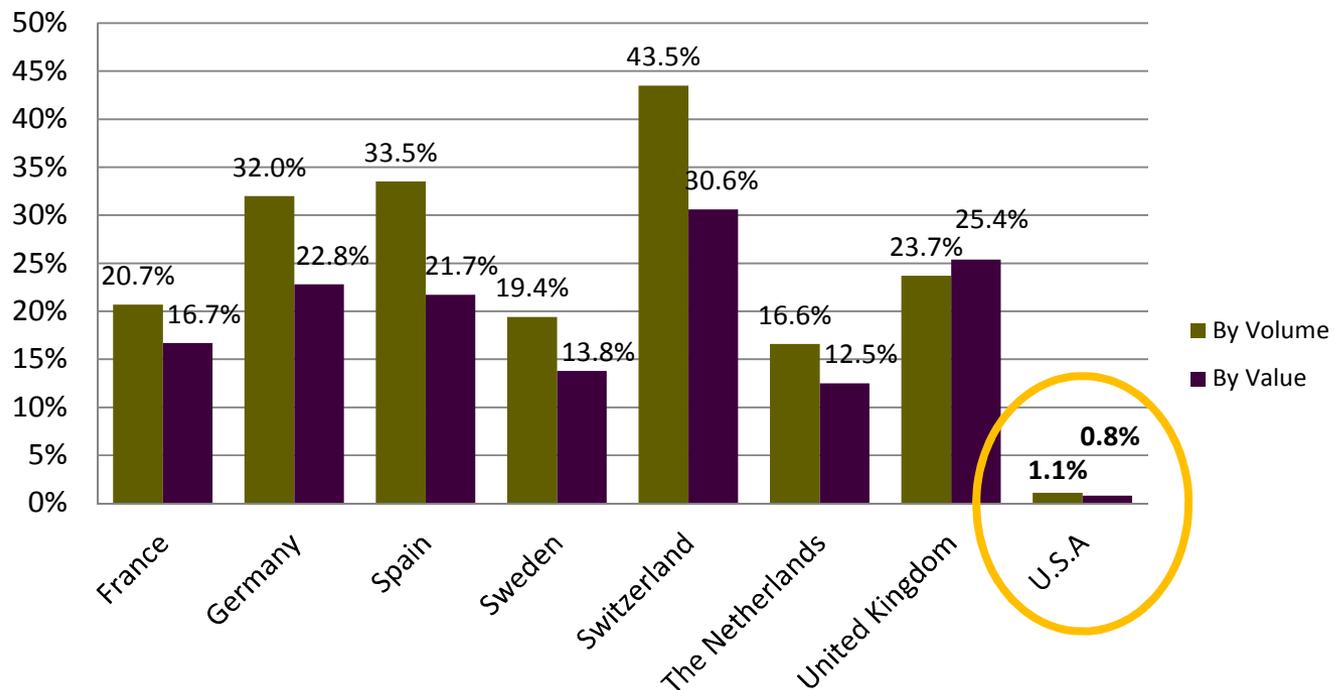
- A premier value-added provider of customized beverage alcohol products and services to customers around the world
 - Wine, beer and spirits
 - 6.5 million cases
 - Sourced from 22 countries
 - Sold in 15+ countries
 - 100+ employees
 - Offices in Bay Area and London



The Private Label Opportunity

- Less developed in US

Private Label Share of Alcoholic Beverages by Country 2012 (%)



Why Exclusive Brands

- Provide better quality & value for customers
- Drive customer loyalty with unique offerings
- Reduce price-matching
 - Customers can't comparison-shop
- Protect against big brand price increases
- Increase gross margins



Wine Brands



Beer Brands



Spirit Brands



Customer Partnerships

- Partial list



Kroger
Supplier of the Year
2008 and 2009



Whole Foods
"Outstanding Wine or
Beer Supplier"

Whole Foods Market, May 2013



Trademarks In Bev Alc

- Label Approval
- Franchise/Distributor protections

Label Approval by the Federal Govt.

- All labels on beverage alcohol (wine 7% ABV and over – under 7% is FDA) must be approved by the federal government – Department of the Treasury, Tax and Trade Bureau (TTB)
- Searchable public database
- Additional resource for clearance work and dispute matters
- Can provide information regarding date of first LEGAL use in the US
- Can provide information regarding use or non-use, particularly by foreign entities



TTB

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
U.S. Department of the Treasury

COLA Registry

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

TTB F 5100.31: Application For and Certification/
Exemption of Label/Bottle Approval

- [Search Public COLA Registry](#)
- [COLAs Online FAQs](#)
- [Contact Us](#)
- [Public COLA Registry Manual](#)
- [Download Public COLA Registry Manual](#)
- [COLAs Online Logon](#)

Search for COLAs

Note: Certain generic searches, especially searches on Product/Fanciful Name without date parameters, can take several minutes to process. Whenever possible, a date range should be supplied.

Basic Search | [Advanced Search](#)

Basic Search Criteria

Note: Wild card character for a search is represented by a "%"

Date Completed: ?

From MM/DD/YYYY To MM/DD/YYYY

Product Name: ?

Brand Name Fanciful Name Either

Product Class/Type: ?

to

Origin Code: ?

[Privacy Policy](#) | [Privacy Impact Assessment](#)

FORM NO. 101-0001 (07/12/2019)

FOR TTB USE ONLY		DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU APPLICATION FOR AND CERTIFICATION/EXEMPTION OF LABEL/BOTTLE APPROVAL (See Instructions and Paperwork Reduction Act Notice on Back)		
TTB ID 13178001000498				
1. REP. ID. NO. (If any)	CT 80			OR 01
PART I - APPLICATION				
2. PLANT REGISTRY/BASIC PERMIT/BREWER'S NO. (Required) BWN-CA-17167	3. SOURCE OF PRODUCT (Required) <input checked="" type="checkbox"/> Domestic <input type="checkbox"/> Imported	8. NAME AND ADDRESS OF APPLICANT AS SHOWN ON PLANT REGISTRY, BASIC PERMIT OR BREWER'S NOTICE. INCLUDE APPROVED DBA OR TRADENAME IF USED ON LABEL (Required) WINERY EXCHANGE, WINERY EXCHANGE, INC. 9119 GRATON RD GRATON CA 95444 WINEPRESS VINTNERS (Used on label)		
4. SERIAL NUMBER (Required) 130056	5. TYPE OF PRODUCT (Required) <input checked="" type="checkbox"/> WINE <input type="checkbox"/> DISTILLED SPIRITS <input type="checkbox"/> MALT BEVERAGE			
6. BRAND NAME (Required) H&G		8a. MAILING ADDRESS, IF DIFFERENT		
7. FANCIFUL NAME (If any) COLLECTOR'S EDITION				
9. EMAIL ADDRESS JOE.BADALAMENTI@WINERYEXCHANGE.COM				
10. GRAPE VARIETAL(S) (If any) CABERNET SAUVIGNON	11. FORMULA	18. TYPE OF APPLICATION (Check applicable box(es)) a. <input checked="" type="checkbox"/> CERTIFICATE OF LABEL APPROVAL b. <input type="checkbox"/> CERTIFICATE OF EXEMPTION FROM LABEL APPROVAL "For sale in _____ only" (Fill in state abbreviation.) c. <input type="checkbox"/> DISTINCTIVE LIQUOR BOTTLE APPROVAL TOTAL BOTTLE CAPACITY BEFORE CLOSURE _____ (Fill in amount) d. <input type="checkbox"/> RE SUBMISSION AFTER REJECTION TTB ID. NO. _____		
12. NET CONTENTS 750 MILLILITERS	13. ALCOHOL CONTENT 13.7			14. WINE APPELLATION IF ON LABEL OAKVILLE
15. WINE VINTAGE DATE IF ON LABEL 2011	16. PHONE NUMBER (415) 382-6963			17. FAX NUMBER (415) 382-6905
19. SHOW ANY INFORMATION THAT IS BLOWN, BRANDED, OR EMBOSSED ON THE CONTAINER (e.g., net contents) ONLY IF IT DOES NOT APPEAR ON THE LABELS AFFIXED BELOW. ALSO, SHOW TRANSLATIONS OF FOREIGN LANGUAGE TEXT APPEARING ON LABELS.				

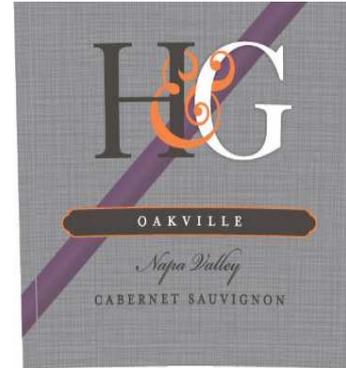
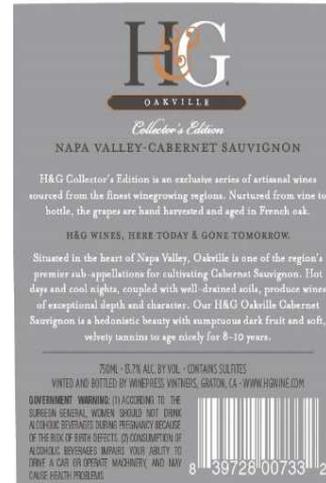


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The Three Tier System

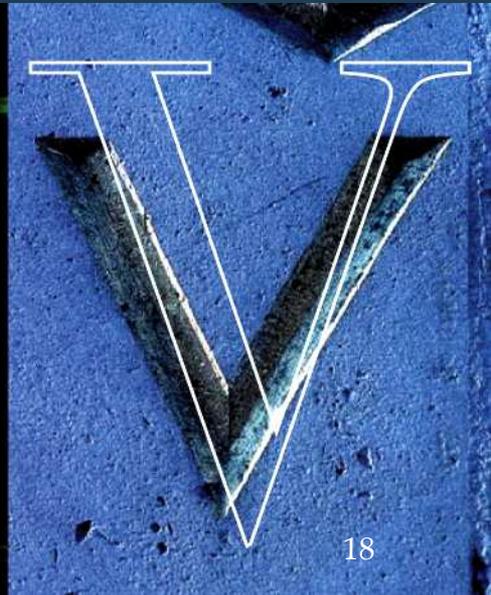
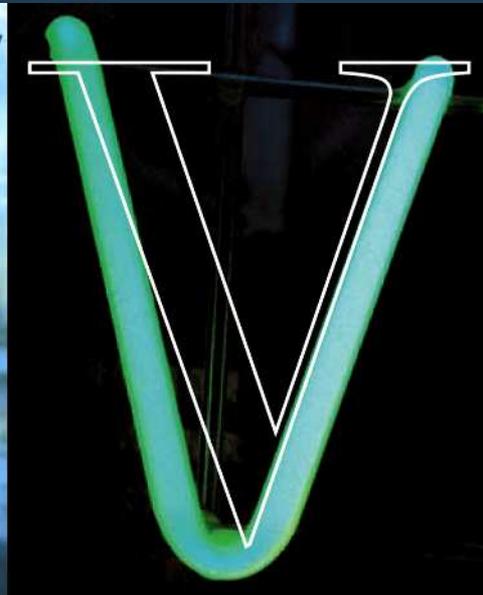
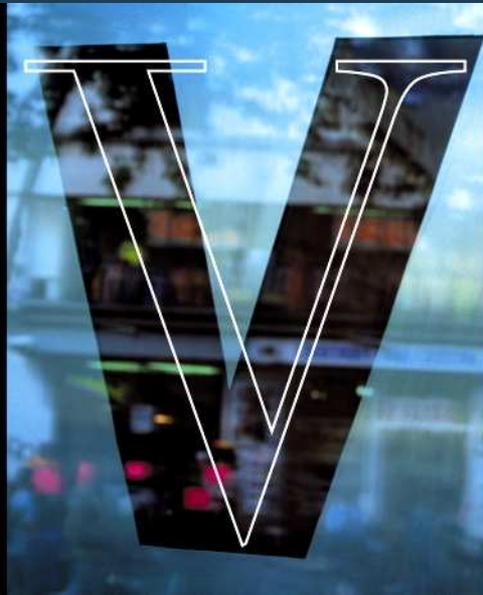
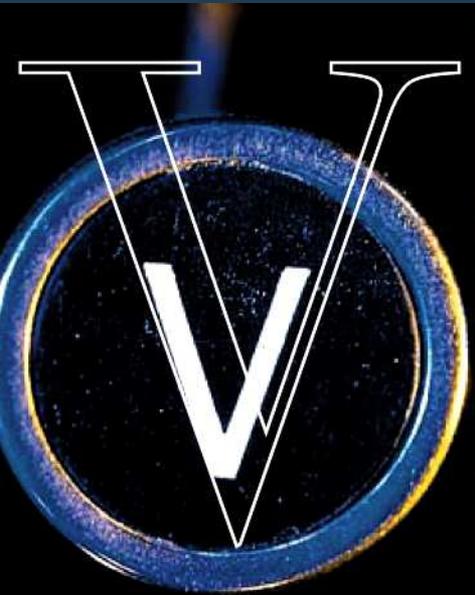
- Enacted after Prohibition
- Attempt to limit excesses that led to prohibition, but also easier to tax
- Beverage alcohol must go from producer to distributor to retailer
- Some exceptions – wineries, brewpubs
- Varies by state

Franchise Laws

- Generally arose in the 1970s – 1990s
- Specific to beverage alcohol
- Also varies by state
- Provides protection to distribution tier
- Limits the ability of a producer to change distributors without compensation
- Compare – Budweiser vs craft beer
- Question: Potential challenge from a trademark/IP perspective – property ownership interest by third party

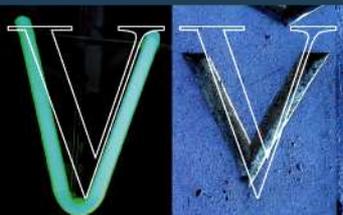
Brand Protection: Trade Secrets

Tom Wallerstein, Partner



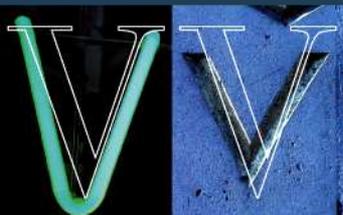
What Is A Trade Secret?

- Civil Code Section 3426-3426.11: Uniform Trade Secrets Act
- A trade secret can be any “information,” “including a formula, pattern, compilation, program, device, method, technique, or process” Civil Code § 3426.1(d)



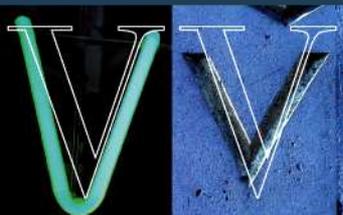
What Is A Trade Secret?

- “Derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use” Civil Code § 3426.1(d)(1)
- “Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” Civil Code § 3426.1(d)(2)



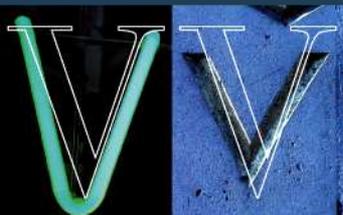
Protecting Company Trade Secrets

- Create an Outgoing Employee Protocol
- Prepare in advance for potential litigation



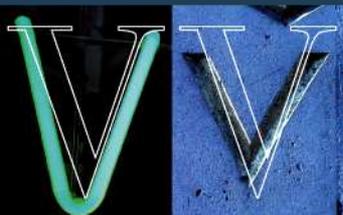
Outgoing Employee Protocol

- Ability to execute on short notice
- Inventory all electronic devices and image computer
- Require written affirmation that all proprietary data was returned (beyond IP Agreement)
- Provide mechanism for personal information, pictures, emails, etc.
- Provide mechanism for return of information discovered later



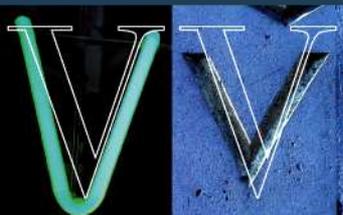
Preparing for Offensive Litigation

- Periodically audit trade secrets. Must be able to identify with “reasonable particularity” CCP § 2019.210
- Declaration regarding independent value from secrecy
- Undertake and document efforts to maintain secrecy (need to know basis, court filings under seal, departing employee protocol, etc.)
- Must act promptly; don’t wait for damages



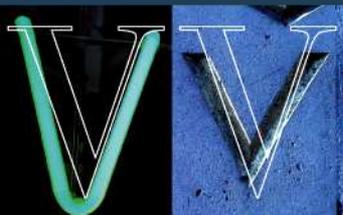
Best Practices to Avoid Being Sued for Trade Secret Misappropriation

- Create Incoming Employee Protocol
- Respond promptly to demand letters and institute comprehensive legal hold to avoid claims of spoliation



Incoming Employee Protocol

- Document all steps of recruiting, interviewing and hiring and anticipate witnesses at deposition and trial
- Require incoming employee to represent they are not bringing and will not disclose prior company trade secrets
- Obtain copy of prior employment agreements
- Consider: Why does prior experience with competitor make the employee valuable?



SanDisk®

Establishing a World Class Brand Protection Program

Michelle Ravn Appelqvist – Senior Director, Senior Counsel

Agenda

- I. About SanDisk
- II. Our Brand Protection Philosophy
- III. Trademark
- IV. Anti-Counterfeiting Technologies
- V. Supply Chain Security
- VI. Customs Recordations & Trainings
- VII. Enforcement
- VIII. Pointers: Resources & Messaging to Executive Staff

I. About SanDisk

Digital Storage Solutions in 3 Main Markets:

Mobile



Flash memory is essential in smartphones, tablets and other mobile devices. We deliver predictable supply of any flash memory form factor or capacity to virtually every major mobile device manufacturer.



Computing



SanDisk solid state drives offer energy-efficient, compact, and durable alternatives and additions to traditional hard-disk drives for desktops, laptops and ultra-thin PCs.



Consumer



From cameras to USB drives to MP3 players, you can find the quality and performance of SanDisk technology throughout your digital life.



Rapid Growth

From a three-person start-up in Silicon Valley to a world-recognized brand, we have maintained a commitment to advancing technologies and meeting our customers' needs. Our patent portfolio is consistently recognized as one of the strongest in the technology industry; we hold more than 4,900 patents worldwide.

Rankings



Trailing 4 Qtr. Financials*

\$6.2B Revenue
\$3.6B Net Cash*
\$0.7B R&D Investment

Global Operations


5,500+ Employees*

Innovation

World-Leading Innovator
4,900+ Patents*



* Financials as of Q3, '13. Net Cash = [Cash + cash equivalents + short-term & long-term marketable securities] less [debt at maturity value] as of the end of Q3, '13. Headcount & patents as of Oct., '13.

II. Our Brand Protection Philosophy

Key Components



III. Trademark



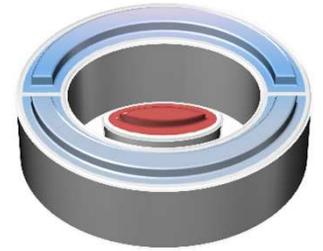
What is it?: The selection, clearance and global filing strategy for trademarks, which serve as the legal basis of our branding, licensing and enforcement activity

- Clearance for new product names, slogans and logos
- Coordinate clearance of foreign language transliterations
- Prosecution of SanDisk trademark portfolio
- Client “Self-Help” intranet site for clients
- Advise on usage of third party trademarks
- Trademark opposition actions

Why does it matter?: Revenue impact. Our brand strength drives brand premium; don’t protect your marks and you may be prohibited from selling

- iPad China - \$60M settlement with ProView in order for Apple to sell & import / export
- iPhone Brazil - \$18M settlement with IGB over iPhone trademark

IV. Anti-Counterfeiting Technologies



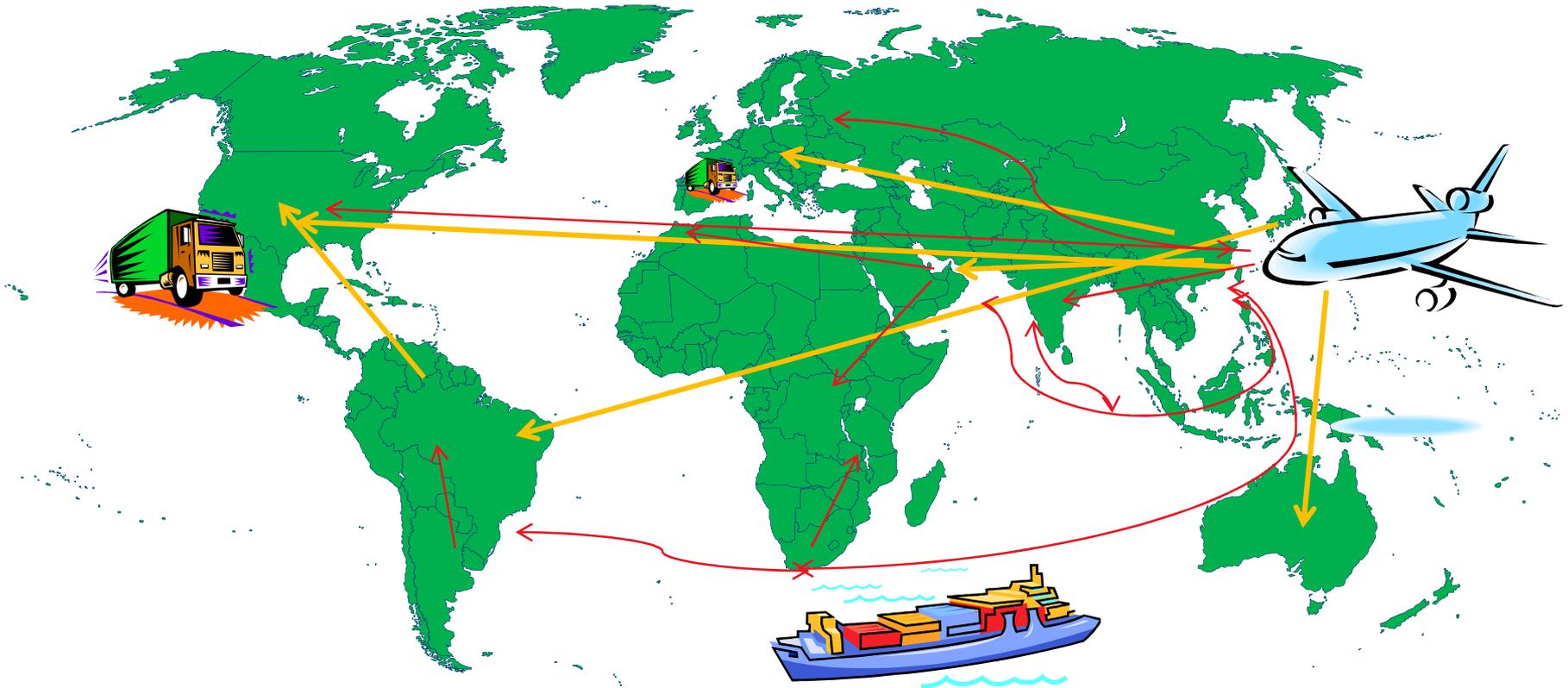
- **What is Serialization?**
 - The marking or "tagging" of products in the manufacturing process through the use of various combinations of human readable or machine readable technologies such as serial numbering, barcodes or radio frequency identification RFID
- **What is Authentication?**
 - A verification process utilizing the serialization / tagging of a product, its packaging and or labeling to confirm its genuine nature (and other key attributes); e.g., via a database query

"...The value of changing your processes and technology to uniquely identify items down to the individual item level lies in how you can assure a secure, traceable, and auditable supply chain that is also highly efficient...it represents the business value of fine-grained data provided by serialization."

- Aberdeen Research, 2008

V. Supply Chain Security

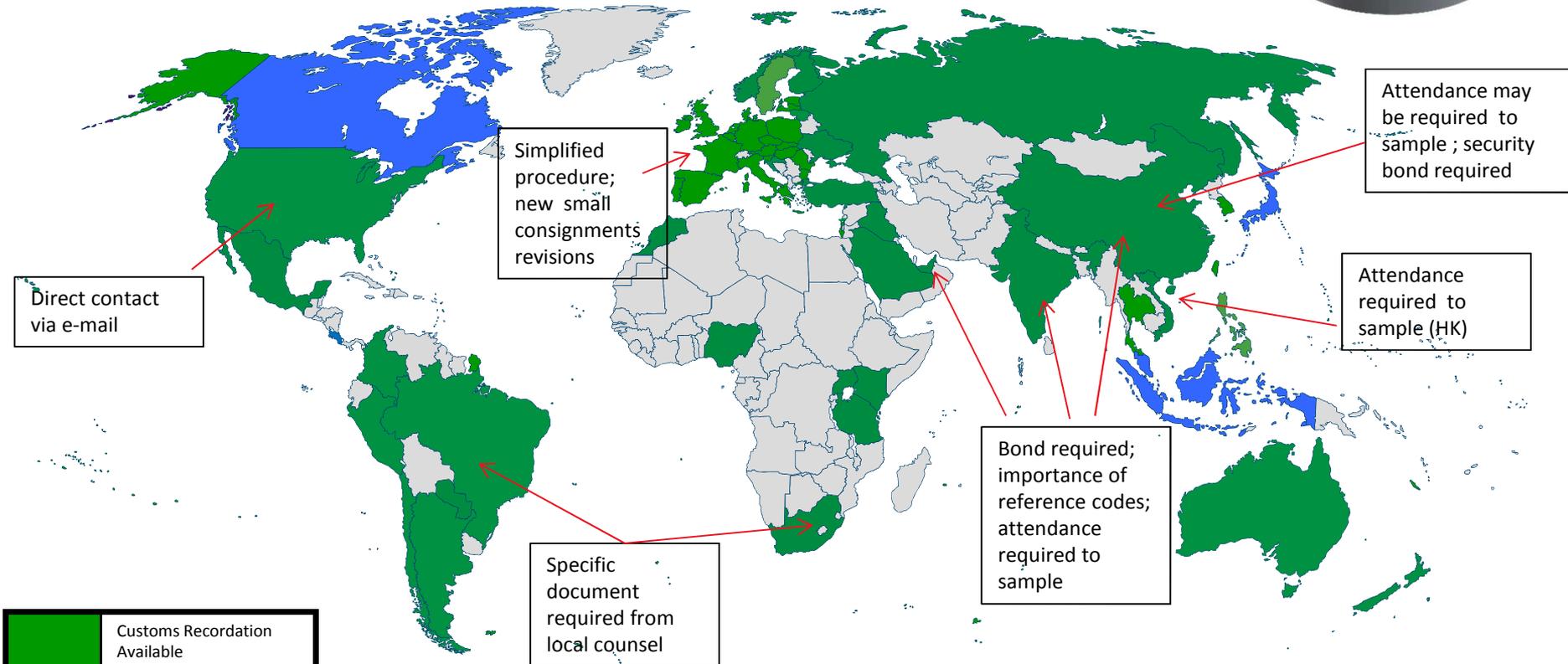
Identify Key Routes and Markets



- Their delivery methods are reflected by market maturity
 - High volume low frequency shipments to developing markets
 - Low volume high frequency parcel shipments to mature on-line markets

VI. Customs Recordations – Global Availability & Best Practices

“You cannot record what you do not register”



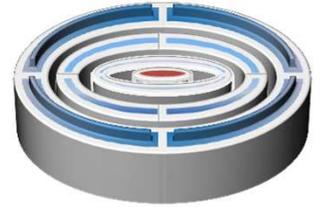
- Tailor your program to meet relevant jurisdictional requirements, e.g.;
 - Set up a local point of contact
 - Consider language & time zones
 - Be prepared for bond or specific documentation requirements
 - Have capability to travel to port of seizure at short notice

VI. Customs Trainings



- Develop a comprehensive training and reference document
- Translate into key languages
- Update regularly to ensure relevance to your evolving business
 - Update to include new markets, products, trademarks & supply line partners and remove EOL'd products
 - Include current product images
 - Update contact information

VII. Enforcement



What is it?: Maintaining the integrity of the SanDisk brand through worldwide monitoring and enforcement against counterfeits

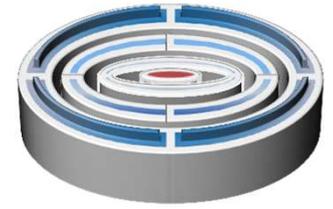
- Proactive authentication technologies and product design (i.e., product identifiers)
- Support logistics and operations as well as facilities through provision of security audit resources to “secure from within”
- Customs recordations and training programs
- Worldwide internet monitoring
- Civil and criminal counterfeit raids

Why does it matter?:

- Trademark owner has a duty to police use of its mark / exercise “quality control”
- Deter Counterfeiters
- Build brand equity
- Maintain customer / consumer trust
- Support distributors / retailers

VII. Enforcement

Internet Monitoring of marketplaces worldwide



VIII. Pointers: Resources

- Take advantage and become knowledgeable of the growing array of information and resources offered to assist brand owners in fighting counterfeits
 - National IPR Center - <http://www.iprcenter.gov/>
 - Joint Strategic Plan on IP Enforcement - <http://www.whitehouse.gov/sites/default/files/omb/IPEC/2013-us-ipeec-joint-strategic-plan.pdf>
 - CBP resources - http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/

- Stay up to date on what key government agencies are doing, look for opportunities to participate and consistently engage

- Respond in a timely manner

- Work through industry or trade associations

- At a minimum, effective companies:
 - Record key IP rights
 - Upload or provide product identification manuals
 - Take advantage of free or low-cost training opportunities in key markets

VIII. Pointers: Executive Messaging

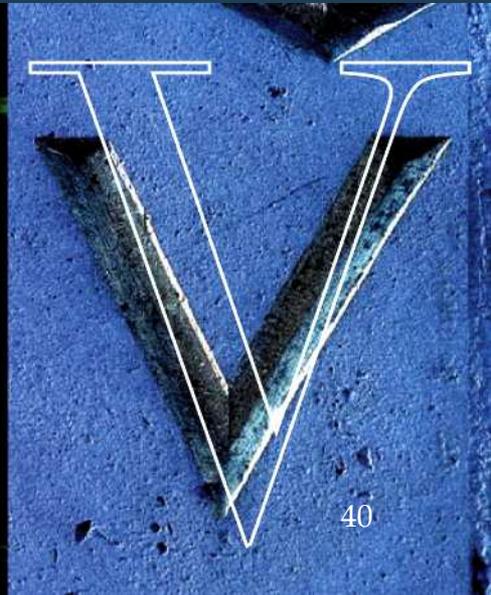
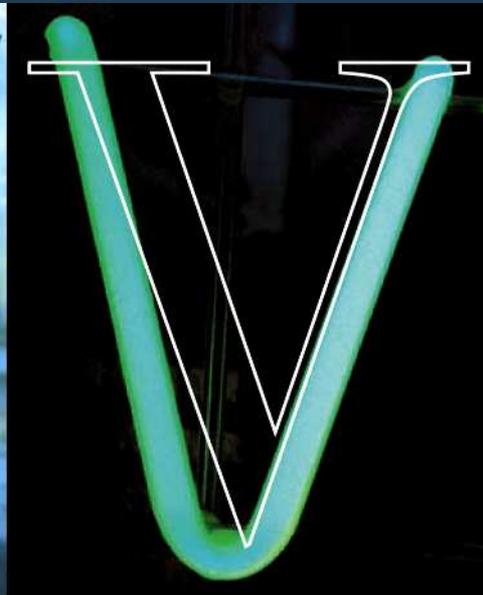
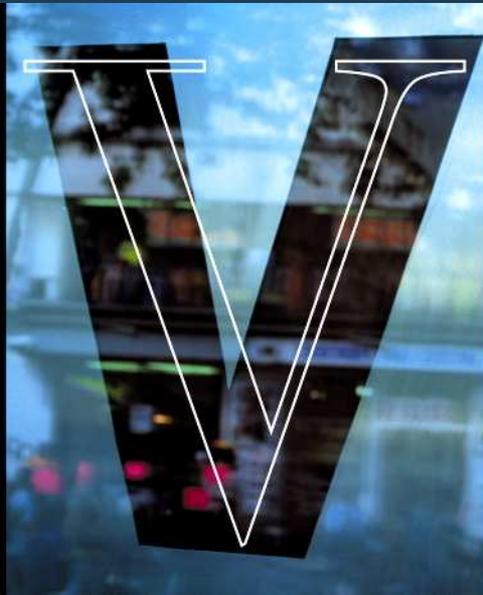
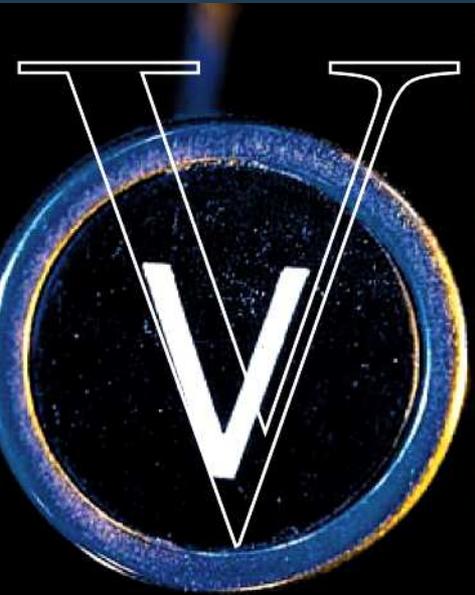
- You cannot message what you cannot measure
- Know your audience: make your presentation relevant to each executive
 - ROI
- Use language that resonates: “Year over Year”; “X % sequential increase/decrease”
- Sample Metrics/Reporting
 - Increase /Decrease in # of reported Customs detentions compared to previous year/quarter
 - X % increase in region X. The majority of these detentions were of single pieces of product in Germany
 - X % increase in region Y 166% increase in APAC (potentially due to BP representative in Shanghai)
 - # / Quantity detained / Estimated value
 - Time elapsed between first recordation and training vs. first detention
- Message Intangibles:
 - Strengthen relationships with customers and consumers by protecting their markets
 - Brand Equity / Consumer Confidence / Competitive Advantage

VIII. Best Practices: The “Δ” between what companies say (or know to be an effective measure) and what they actually do

Many Companies Say They	What They Actually Do*
Register Trademarks and Copyrights in Key Markets	<ul style="list-style-type: none"> ▪ 85% register trademarks in key countries ▪ 14% register copyrights (primarily in US and China)
Record Trademarks or Copyrights with Key Customs	<ul style="list-style-type: none"> ▪ 30% of those that register trademarks also record them ▪ 22% of those that register copyrights also record them
Regularly respond to Customs or other IP enforcement agency inquiries within 3 days	<ul style="list-style-type: none"> ▪ 50% do not have a designated person tasked to liaise with Customs
Have an updated product identification manual	<ul style="list-style-type: none"> ▪ 40% had no manual ▪ Of those that did, 50% had not updated the manual in the past year
Conduct regular Customs or law enforcement training	<ul style="list-style-type: none"> ▪ 60% had not conducted customs training, or were unaware of whether they had done so in the past

IP Strategies for the Emergence of 3D Printing

Justin Pierce, Partner



3D Printing – Protecting Your Brand, Content and Designs

3D Printing:

- The process of making three-dimensional objects from a digital model by depositing successive layers of material on top of one another to form the object.

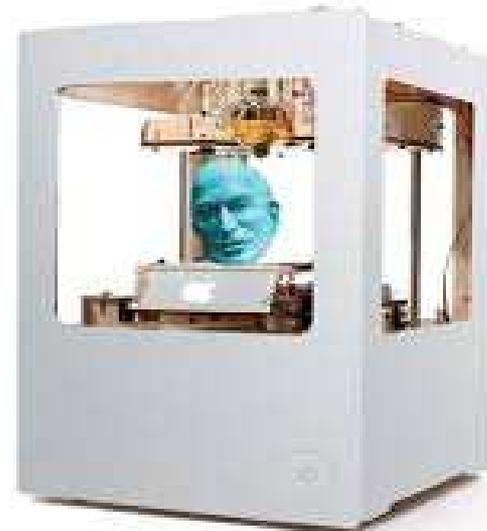
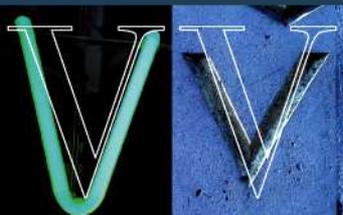


Image available at adafruit.com

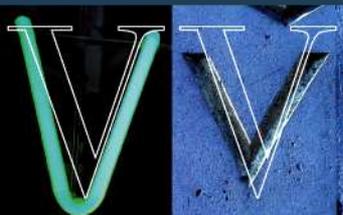


The Rise of 3D Printing

- Websites
 - Individuals upload and download digital design files

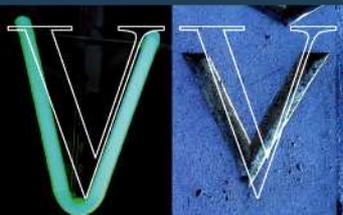
Quickparts.com

- Advancements
 - Electronic parts
 - Human tissue
- Key patents are expiring
 - Lowers costs of printing



The Challenge of 3D Printing for Brands

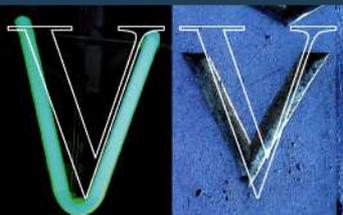
- Lead times associated with manufacturing consumer goods is largely eliminated
- Counterfeiters can easily move production sites due to size of printers
- Infringers may sell designs or instructions (e.g., a three-dimensional model) for consumers to use on their own 3D printers to make the counterfeit product at home



Reactive Approaches to Dealing with the Rise of 3D Printing

- Sue the direct infringer
 - May be cost prohibitive to pursue every infringer
 - Negative PR for entities perceived as over-aggressive enforcers

- Pursue indirect infringers: parties who have knowingly aided in direct infringement (e.g., 3D printer manufacturers and printing services)
 - Negative case law
 - Tough to prove “knowing” infringement

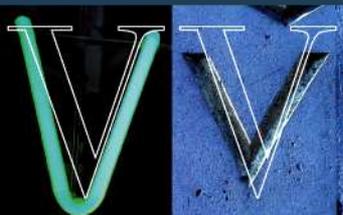


Proactive Approaches to Dealing with the Rise of 3D Printing

- Focus on innovation and speed to market
 - Implement a production cycle that stays ahead of competitors and counterfeiters alike

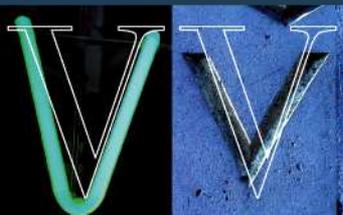
- Embrace the use of 3D printing technology
 - Harness the benefits of 3D printing technology to offer a wide variety of product accessories, and efficiently offer replacement parts

- Systematically lockdown and enforce IP rights
 - Provide multilayered IP protection and systematically enforce those rights



Design Patents

- Design patents can be obtained in about one year under standard examination (3-4 months under expedited examination)
- Protects product's appearance
- Seek design patent protection for portions of a product, as well as the product as a whole
- Consider filing continuation applications
 - The process of keeping an application pending after the original application has been granted

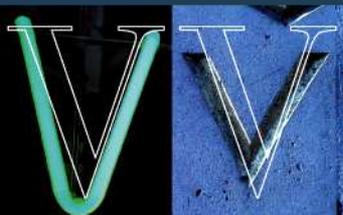


Utility Patents



Image available at legalteamusa.net

- Include business method-type claims in utility patents
 - computer readable medium containing instructions to manufacture the invention
 - computer-implemented method of distributing instructions for manufacturing a product
- Claim methods of manufacturing inventions using 3D printers

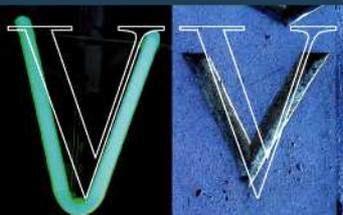


Copyright



Image available at publicknowledge.org

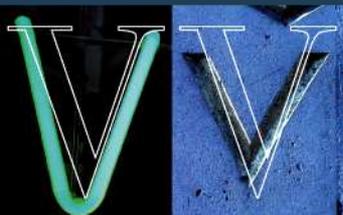
- Copyright is traditionally used to protect creative works that serve no functional purpose
 - E.g., toys, sculptures and certain decorative accessories
- Digital Millennium Copyright Act
 - Assert rights against those who are offering to 3D print goods based on protected IP



Trademark or “Trade Dress” Rights

- Imitation of edible products, pharmaceuticals and packaging can be particularly troublesome for food/drug companies:
 - danger to public health
 - damages brand’s goodwill and public confidence

- Protect your rights
 - Monitor 3D printing closely
 - Trademark and trade dress protection:
 - brand name and related device elements
 - products with distinctive shape or character
 - external appearance and packaging

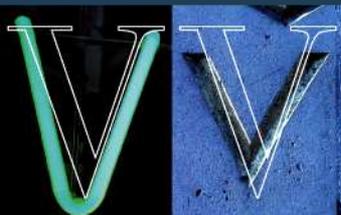


Trade Secrets

- Be proactive
- Maintain secrecy of recipe/formulas for products



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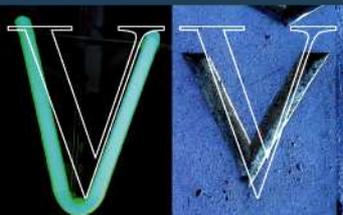


Contact Information

Justin Pierce, Partner
jpierce@Venable.com
t 202.344.4442

Thomas Wallerstein, Partner
twallerstein@Venable.com
t 415.653.3707

www.Venable.com



Thank You

