



Ten Best Practices for Protecting Your Nonprofit's Intellectual Property

June 13, 2012

12:00 p.m. – 2:00 p.m. EDT

Venable LLP

575 7th Street, NW

Washington, DC 20004

Moderator:

Jeffrey S. Tenenbaum, Esq.

Panelists:

Andrew D. Price, Esq.

Armand J. Zottola, Esq.

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Presentation

Ten Best Practices for Protecting Your Nonprofit's Intellectual Property

Wednesday, June 13, 2012
12:30 p.m. – 2:00 p.m. EDT
Venable LLP
Nonprofit Organization Practice
Washington, DC

Moderator:

Jeffrey S. Tenenbaum, Esq.

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Upcoming Venable Nonprofit Legal Events

July 12, 2012 - [Nonprofit Chapters and Affiliates: Key Legal Issues, Pitfalls, and Successful Strategies](#)

August 2, 2012 - How Nonprofits Can Raise Money and Awareness through Promotional Campaigns without Raising Legal Risks – Details Coming Soon



Introductions



Moderator & Speakers

Moderator:

Jeffrey S. Tenenbaum, Esq., Partner and
Chair of the Nonprofit Organizations
Practice

Speakers:

Andrew D. Price, Esq., Partner
Armand J. Zottola, Esq., Partner



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Trademarks and
Brand Protection



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Top 20 U.S. trademark filer, *World Trademark Review*, 2011

Intellectual Property Today™

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Property Today*, 2011



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Intersection of Commerce and Technology

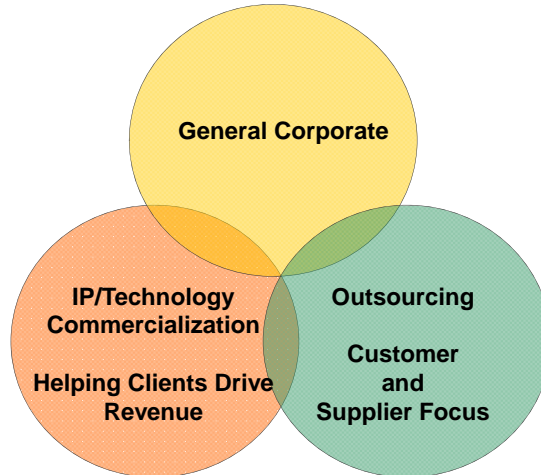


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 - A.J. Zottola (DC)
 - Nora Garrote (DC)
 - Jim Nelson (NY)
 - Bill Russell (NY)



Practice Integration with Intellectual Property Practice



Areas of Focus



10 Best Practices



Best Practice #1

**Understand the value of trademarks
and brand protection.**



“The Single Greatest Asset”

**“Our brand is the single greatest asset that
our network has, and it’s what keeps
everyone together.”**

Marci Marsh, COO, World Wildlife Fund

(“The Role of Brand in the Nonprofit Sector,”

Stanford Social Innovation Review, Spring 2012)



Trademarks Have Come of Age

- What is a trademark/brand?
 - Names, acronyms, logos, slogans
 - A source indicator
- Consider:
 - What is happening on the National Mall?
 - What is the “E.T.” generation doing?
 - What is Donald Trump doing?
 - What is the legal world telling us? (TM applications, INTA meetings, nonprofit group)



The Rise in Trademark Battles Among Nonprofits

- Front-Page News: “Charity Brawl: Nonprofits Aren’t So Generous When a Name’s at Stake,”
The Wall Street Journal
 - The theme of lost donations and brand power
 - Susan G. Komen “For the Cure” and pink
 - LIVESTRONG versus HEADstrong
 - “The days are probably over when nonprofits just said, ‘We’ll just get along with anybody who’s a nonprofit because we’re all trying to do good here.’”



The “Bet the Nonprofit” Moment: Think Trademarks

- Launching key brands creates the moment
- Establishing a trademark is not like setting up a legal entity with a state
- The “likelihood of confusion” standard
 - Similarity of marks, goods/services, etc.
 - Low standard; compare with “beyond a reasonable doubt”
- The high cost of trademark litigation (\$775K)
 - Alternatives: move to new brand, pay licensing fees, buy the other side out
 - Risk of damages



Best Practice #2 After Trademarks, What Else?



Copyrights.

- **An Original Work of Authorship Fixed in a Tangible Medium of Expression**
- **Exists Upon Creation**
- **Can Be Registered**
- **Positive Right to Authorize Others to Do Five Things**
- **Reproduction, Distribution, Derivative Works**



Trade Secrets. What are They?

- **Any Formula, Pattern, Device, or Information that is Used in One's Business, Which Gives Its Owner an Opportunity to Obtain an Advantage Over Competitors Who Do Not Know About It or Use It**
- **Not Readily Ascertainable by Proper Means**
- **Rights Created/Maintained through Secrecy**
- **NDA, Non-Competes, Passwords, Firewalls, Need-to-Know Disclosure, Physical Security**



Patents.

- **Inventions that are Useful, Novel, and Non-Obvious – Based on Claims**
- **Need to Apply for the Right**
- **Territorial, Finite, and Time-Sensitive**
- **Right to Exclude Others from Making, Using, and Selling**
- **Disclosures, Invention Agreements, Inventorship Analysis**



Don't Forget "Dependencies"

- **Internal - What technology and rights the nonprofit depends on from what it has**
- **Contractual - What the company depends on from others (third-party rights, manufacturing, hosting)**
- **Legal - Existence of permissive law, lack of prohibitive regulation or law, mandated legal restrictions and requirements**
- **Market Trends - Best industry practices not mandated by law**



Best Practice #3

Move toward distinctive brands/trademarks.



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The Hierarchy of Distinctiveness

- Fanciful: OXFAM
- Arbitrary: MENSA (“table” / “cafeteria”)
- Suggestive: RACE FOR THE CURE
- Descriptive: TENNIS INDUSTRY ASSOCIATION
- Generic: NONPROFIT; ASSOCIATION



The Trend in Top Brands – Use More Inventive Naming

- 2012 Brand Finance Global 500 rankings show:
 - 80% of the brand names represented are *inherently distinctive* (i.e., fanciful / “made up” or arbitrary / used out of context)
 - Superb brand management and business performance contribute to success
 - But today's hyper-competitive marketplace rewards brands that are distinctive from the start



World's Top Brand Successes vs. *Not*

- Computers: **Apple** vs. Wang
- Search Engines: **Google** vs. InfoSeek
- Software: **Microsoft** vs. WebTV
- General Retail: **Wal-Mart** vs. Woolworth's
- Mobile Phones: **Samsung / Vodafone** vs. Palm
- Bookselling and Online Retail: **Amazon** vs. B. Dalton



It Is Possible in the Nonprofit World!



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Best Practice #4 Consider an IP Audit.

- Start with your IP and then move to IP from others
- Define your IP portfolio:
 - Patents
 - Copyrights
 - Trade Secrets
 - Trademarks
- Consider grouping by:
 - Technology Use
 - Intended Operational Use
 - Income-Generation Capability



What to Look For and Consider

- Copyrights
 - Consider Process of Creation & Acquisition
 - Who Is the Author / Owner?
 - Register? Optional. Need for Infringement Action. Prerequisite for Certain Remedies.
 - Use a Notice. © _____ All Rights Reserved. No Claim of Innocent Infringement Where There is a Notice.
 - Using a Contractor? You Need an Assignment.
- Trade Secrets
 - Secret?
 - How Are You Handling New or Departed Employees?
 - What Is the Physical Embodiment of the Secret?
 - Do You Have a Policy on Disclosure?
 - An NDA?
- Patents
 - Could It Be an Invention? Is It New?
 - Lost or Angry Inventor / Owner
 - Timing?
 - Talk to a Patent Attorney



Other Transactional IP Considerations – Data

- Confirm ownership of data
- Confirm data was acquired correctly
 - Failure to comply with applicable data privacy regulations creates liability
- Confirm manner of use of data



33

Don't Forget Your Agreements

- What should be reviewed:
 - Technology agreements
 - Licenses, development, manufacturing, distribution, reseller, independent software vendor (ISV's), original equipment manufacturers (OEM's)
 - Nondisclosure agreements
 - Employee / consulting / contractor agreements
 - Source code escrows
 - IP applications, registrations
 - Security interests
- What should be done:
 - Review company documents regarding IP creation and preservation / reservation
 - Review legal filings regarding liens and security interests
 - Prepare due diligence summary for internal use



34

Best Practice #5

Search and register
trademarks / brands properly.



The Registry is King



The United States of America



CERTIFICATE OF REGISTRATION PRINCIPAL REGISTER

The Mark shown in this certificate has been registered in the United States Patent and Trademark Office in the named registration.

The records of the United States Patent and Trademark Office show that an application for registration of the Mark shown in this Certificate was filed in the Office that the application was examined and determined to be in compliance with the requirements of the law and with the regulations prescribed by the Director of the United States Patent and Trademark Office, and that the Applicant is entitled to registration of the Mark under the Trademark Act of 1946, as amended.

A copy of the Mark and pertinent data from the application are part of this certificate.

In case of CANCELLATION of the registration, the owner of the registration must submit a declaration of continued use or successful defense between the fifth and sixth years after the registration date. One not only for more information concerning such a declaration is properly filed, the registration will remain in force for six (6) years, unless terminated by an order of the Commissioner for Trademarks or a federal court. (See www.uspto.gov for information on maintenance requirements for successive six-year periods.)



J. W. D.
Director of the United States Patent and Trademark Office



Do You Have the Tools to Enforce Brands Online and in Social Media?

**.com
.net .org**

facebook

You Tube™

Pinterest



Consider the Number of Applications Filed by Nonprofits in 2012 (compare with phone apps)

List At: OR to record: **511 Records(s) found**

Refine Search (IC with "035" same "association services")[C]

Current Search: S3: (IC with "035" same "association services")[GS] and 'FD > "20120101"' docs: 51

List At: OR to record: **505 Records(s) found**

Refine Search (IC with "035" same "promoting public aware)

Current Search: S4: (IC with "035" same "promoting public awareness")[GS] and 'FD > "20120101"'

List At: OR to record: **903 Records(s) found (This**

Refine Search (IC with "009" same "computer application so)

Current Search: S1: (IC with "009" same "computer application software for mobile phones")[GS] and 'FD > "20120101"'



From Russia with Love?

- The problem of “first-to-file” countries
 - Chapters can “go rogue”
 - A real-life story shows how trademark registrations are the foundation of brand protection
 - “Trademark troll” extortion
- The opportunity and risk of joint ownership
 - Documentation and applicants are key
 - What happens when the split occurs?



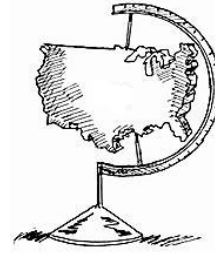
Nonprofit Nuances: Registration

- Descriptive names and acronyms
 - U.S.: Supplemental Register versus Principal Register
 - Treatment in foreign countries
- Certification / accreditation marks (e.g., PG) vs.:
 - Testing / credentialing marks
 - Collective membership marks
- Modern goods/services:
 - Social media services
 - Apps
 - Downloadable content



Is Your World Just the U.S.?

- Country-by-country basis; often first-to-file
- European Community: 27 countries – 1 filing
- The Madrid Protocol: King of the Road, or Hit the Road Jack?
- China: pay a little now,
or a lot later
- The power of U.S. copyright
registrations abroad
 - do you own rights?



Best Practice # 6

Intellectual Property Management.

- Create a policy to audit and continue to identify intellectual property (as developed)
- Educate and establish a management process with employees
- Consider a defined IP registration process for copyrights/patents
 - Protect only those items that have a strong chance of being infringed or are otherwise important to the nonprofit
- Consider confidential treatment for your trade secrets
 - N.D.A.; label; limit access; don't disclose



Do You Own? Can You Use? Key Considerations in Development of IP

- **Ownership / Infringement / Misappropriation**
 - **Employees**
 - Work for hire, scope of employment
 - **Consultants**
 - Written assignments
 - **IP assignments in founders / N.E.O's agreements**
 - **Licenses of key technology**
- **Consider Restrictions on Use or Conduct of Business**
 - **Exclusivity**
 - **Non-competes**
 - **Territory limitations**
 - **Most-favored-nations clauses**



IP Issues Will Remain a Concern:

- **International Use and Expansion**
- **Confidentiality vs. Publicity**
- **How to exploit IP – License vs. Sell?**
Patent vs. Trade Secret? Copyright
Registration vs. Trade Secret?
- **Watch for Invasions of Your IP Rights**
- **Don't Ignore IP Infringement Claims by Others Against You**
- **Information Security Best Practices**
- **Evolving Data Use and Circumvention Laws**



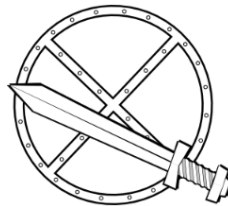
Consider Other IP Risks

- Website Review
- Defects in Record Title through the Creation of a Chronology of Ownership
- Threats to the Validity or Enforcement of Relevant IP
- Un-filed Inventions with Impending Application Deadlines
- Any Actual or Potential Litigation
- Any Restrictions on Expanding the Use of the Intellectual Property
- Any Encumbrances (i.e., Financial) on the Intellectual Property
- Software Ownership and Licensing
- Strategic Partnerships and Joint Ventures
- Antitrust Concerns



Best Practice #7

**Enforce and license
brands/trademarks properly.**



Maintaining Brand Strength

“Having a strong brand establishes a kind of parity between [a nonprofit] and the companies they want to influence.”

(“The Role of Brand in the Nonprofit Sector,”
Stanford Social Innovation Review, Spring 2012)



Enforcing Trademarks

- TM versus SM
- TM/SM versus ®
- The requirement of policing
- Likelihood of confusion vs. actual confusion



Trademark "Bullies" (Two of Top 10 are Nonprofits)



Biggest Bullies

Category:

Year 2011 Biggest Bullies in all classes

- 1 Kellogg North America C...
- 2 Lance Armstrong Foundation
- 3 Apple Inc.
- 4 Zynga Inc.
- 5 K-2 Corporation
- 6 Blue Cross and Blue Shi...
- 7 Johnson & Johnson
- 8 Facebook, Inc.
- 9 TeleTracking Technologi...
- 10 Zuffa, LLC



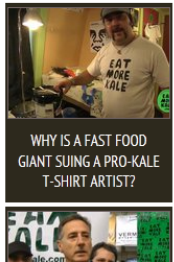
When Policing Goes Bad

"Eat More Kale" Crusader Fights Back Against Chick-fil-A's Lawsuit



Alex Davies
Business / Corporate Responsibility
March 16, 2012

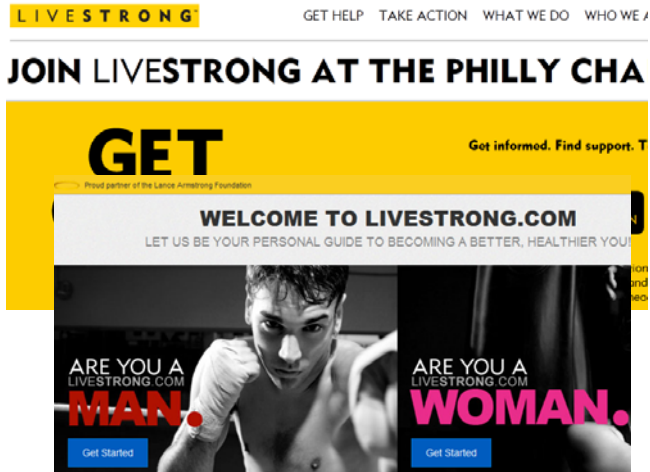
RELATED



WHY IS A FAST FOOD GIANT SUING A PRO-KALE T-SHIRT ARTIST?



The Power of Licensing



Don't Get Caught Naked (Licensing)

- *Freestyle* and the problem of abandonment
 - “Freecycling” / recycling
 - The effects of abandonment
- What is “quality control”?
- *Birthright* and the issue of whether nonprofits get off easy
 - Crisis pregnancies
 - The nature of nonprofits today: more like for-profits, in terms of court expectations



Licensing Trademarks: Failures to Avoid

- *Failure* to retain express contractual control over use of trademarks by others, including members;
- *Failure* to exercise actual quality control over use of the marks by others, including members; and
- *Failure* to appropriately delegate quality control to others, including members.

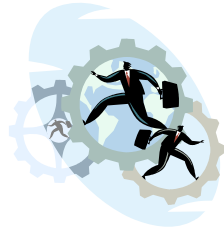


Licensing Trademarks: A Four-Step Strategy

- (1) Treat marks used by members / chapters as collective membership marks
 - “Member” / “Chapter” in mark
- (2) Change policies to include trademark license; and reference same in the bylaws
- (3) License other marks used by non-members / chapters separately
- (4) Enforce all the above



Best Practice # 8 Enforce Your Rights Through Contract.



Licensing Checklist

- ☒ Identification of parties
- ☒ Recitals
 - ☒ *Facts behind license*
 - ☒ *Purpose of license*
 - ☒ *Each party's interest in and / or contribution to the license*
- ☒ Definitions
 - ☒ *IP Identification – be specific, attach an exhibit identifying all relevant territories and registration numbers*
 - ☒ *Territory for grant*
 - ☒ *Scope of use (e.g., Product, Field of Use)*
 - ☒ *Sales – e.g., gross sales, net sales, and / or any other terms necessary to calculate moneys due under the license*
 - ☒ *Effective date*



Licensing Checklist (continued)

- ☒ Grant of Rights
 - ☒ *Exclusive v. nonexclusive*
 - ☒ *If exclusive, does it also exclude licensor?*
 - ☒ *Grant back*
- ☒ If Trademark, quality control language
- ☒ Confidentiality
- ☒ Consideration
 - ☒ *Fixed amount*
 - ☒ *Running royalty*
 - ☒ *Fixed percentage*
 - ☒ *Sliding scale*
 - ☒ *Guaranteed minimum*
 - ☒ *Ceiling*



Use “Enforceable” Online Contracts

- **Electronic contracts are generally enforceable**
- **Nonprofits must be mindful of contractual requirements**
 - **Notice; Opportunity to Review & Reject; and Manifestation of Assent**
- **Electronic contracting requires consideration of unique issues**
 - **For example, electronic signature processes and identity authentication**
- **If using electronic contracts, consider setting forth specific terms and conditions of use**
- **Nonprofit organizations should not rely solely on mere notice to create enforceable terms and conditions**



Best Practice #9

**Make the big-picture decisions
on brands / trademarks now.**



Be Prepared!

- Audit and consolidate your trademark portfolio
 - Key countries covered?
 - Key trademarks?
 - Key goods/services?
- Establish a trademark / brand protection budget
- Bridge the gap between legal and marketing
 - The “New York City street gap”
- Establish the organization’s philosophy for
 - How aggressive to be in policing
 - Risk tolerance (consider organization size)



"We've considered every potential risk except the risks of avoiding all risks."



"We've considered every potential risk except the risks of avoiding all risks."



The Risk of Being Your Own Trademark Lawyer

- A properly searched and filed trademark is the foundation of a successful trademark and brand protection program
- Avoid significant long-term damage and cost



Best Practice #10

Watch Out for Social Media.

Similar Issues, New Platforms



What is On-line Social Media?



- (1) *social networks* – Facebook, Myspace, LinkedIn
- (2) *media repositories* – YouTube, Flickr, Picasa, Vimeo
- (3) *blogs and microblogs* – Twitter
- (4) *wikis* – Wikipedia, Medpedia, Sidewiki



Nonprofit Use of Social Media: IP Issues

- **Avoid Trademark Misuse**
 - Seek Permission
 - Be Especially Careful in Commercial Context
 - Avoid Using Other's Trademarks in Search Terms, Domain Names, or User Names
- **Be Mindful of Copyright Ownership. Social Media Is Primarily about the Content.**
 - Who Owns Work on Social Media?
 - Work-Made-for-Hire Doctrine, Written Assignments of Rights



Nonprofit Use of Social Media (Cont.): IP Issues

- **Protecting Own Intellectual Property Rights**
 - Monitor for Misuse
 - Balance IP Protection with Reputation Protection
 - Many Times, It's an Innocent Infringer
 - Use Clear Placement of Appropriate Symbols - ©, ®, ™
 - Enforce with Policy Statements, DMCA, Demand Letters, and Legal Proceedings
 - Consider Available Registrations, such as for Trademark, Domain Name, or User Name



Developing a Policy for Social Media Use

- Operator Policies Provide Limited Protection, Although They Offer Some Enforcement Mechanisms
- But, Don't Ignore Third-Party Policies
- How Will You Manage Your IP Presence (Internally & Externally)
- Try to Maintain Consistent Approach across Platforms & Networks
- Consider Level of Monitoring
- Consider Shelf-Life of Archived Content
- Consider (Internal & External) Collaborative Efforts Involving Social Media
- Outline Best Practices for Publishing Material on Social Media
- Avoid Use of Inappropriate Online Names / Identifiers
- Identify Limits on Acceptable Use
- Communicate Policy



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We Can Work with You in These Areas

- Global IP strategy development
- Searching and registering IP worldwide
- IP litigation (patent, trademark, and copyright)
- Managing global portfolios of IP
- Licensing
- Anti-counterfeiting / gray market goods
- Domain names (anti-cybersquatting)
- Protecting brands online and in social media



We Have Helped Nonprofits Like These (and Many More)



Questions and Discussion

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Thank you!



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GdYU_Yf 'Biographies



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 Credit Counseling and Debt Services
 Financial Services
 Consumer Financial Protection Bureau Task Force

GOVERNMENT EXPERIENCE

Legislative Assistant, United States House of Representatives

BAR ADMISSIONS

District of Columbia

Jeffrey Tenenbaum chairs Venable's Nonprofit Organizations Practice Group. He is one of the nation's leading nonprofit attorneys, and also is an accomplished author, lecturer and commentator on nonprofit legal matters. Based in the firm's Washington, D.C. office, Mr. Tenenbaum counsels his clients on the broad array of legal issues affecting trade and professional associations, charities, foundations, think tanks, credit and housing counseling agencies, advocacy groups, and other nonprofit organizations, and regularly represents clients before Congress, federal and state regulatory agencies, and in connection with governmental investigations, enforcement actions, litigation, and in dealing with the media.

Mr. Tenenbaum was the 2006 recipient of the American Bar Association's Outstanding Nonprofit Lawyer of the Year Award, the inaugural (2004) recipient of the *Washington Business Journal's* Top Washington Lawyers Award, the 2004 recipient of The Center for Association Leadership's Chairman's Award, and the 1997 recipient of the Greater Washington Society of Association Executives' Chairman's Award. He also was a 2008-09 Fellow of the Bar Association of the District of Columbia and is AV Peer-Review Rated by *Martindale-Hubbell*. He started his career in the nonprofit community by serving as Legal Section manager at the American Society of Association Executives, following several years working on Capitol Hill.

REPRESENTATIVE CLIENTS

AARP

American Academy of Physician Assistants
 American Association for the Advancement of Science
 American Association of Museums
 American College of Radiology
 American Institute of Architects
 Air Conditioning Contractors of America
 American Society for Microbiology
 American Society for Training and Development
 American Society of Anesthesiologists
 American Society of Association Executives
 American Society of Civil Engineers
 American Society of Clinical Oncology
 American Staffing Association
 Associated General Contractors of America
 Association for Healthcare Philanthropy
 Association of Corporate Counsel
 Association of Private Sector Colleges and Universities
 Automotive Aftermarket Industry Association
 Brookings Institution
 The College Board
 Council on Foundations

EDUCATION

J.D., Catholic University of America, Columbus School of Law, 1996

B.A., Political Science, University of Pennsylvania, 1990

MEMBERSHIPS

American Society of Association Executives

California Society of Association Executives

New York Society of Association Executives

Cruise Lines International Association
Foundation for the Malcolm Baldrige National Quality Award
Goodwill Industries International
Homeownership Preservation Foundation
The Humane Society of the United States
Independent Insurance Agents and Brokers of America
LeadingAge
Lions Club International
Money Management International
National Association of Chain Drug Stores
National Athletic Trainers' Association
National Coalition for Cancer Survivorship
National Defense Industrial Association
National Fallen Firefighters Foundation
National Hot Rod Association
National Propane Gas Association
National Quality Forum
National Retail Federation
National Student Clearinghouse
National Telecommunications Cooperative Association
The Nature Conservancy
NeighborWorks America
Peterson Institute for International Economics
Professional Liability Underwriting Society
Project Management Institute
Public Health Accreditation Board
Public Relations Society of America
Recording Industry Association of America
Romance Writers of America
Texas Association of School Boards
Trust for Architectural Easements
Volunteers of America

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Washington DC's Legal Elite, *SmartCEO Magazine*, 2011

Fellow, Bar Association of the District of Columbia, 2008-09

Recipient, American Bar Association Outstanding Nonprofit Lawyer of the Year Award, 2006

Recipient, *Washington Business Journal* Top Washington Lawyers Award, 2004

Recipient, The Center for Association Leadership Chairman's Award, 2004

Recipient, Greater Washington Society of Association Executives Chairman's Award, 1997

Legal Section Manager / Government Affairs Issues Analyst, American Society of Association Executives, 1993-95

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Listed in *Who's Who in American Law* and *Who's Who in America*, 2005-present editions

ACTIVITIES

Mr. Tenenbaum is an active participant in the nonprofit community who currently serves on the Editorial Advisory Board of the American Society of Association Executives' *Association Law & Policy* legal journal, the Advisory Panel of Wiley/Jossey-Bass' *Nonprofit Business Advisor* newsletter, and the ASAE Public Policy Committee. He previously served as Chairman of the *AL&P* Editorial Advisory Board and has served on the ASAE Legal Section Council, the ASAE Association Management

Company Accreditation Commission, the GWSAE Foundation Board of Trustees, the GWSAE Government and Public Affairs Advisory Council, the Federal City Club Foundation Board of Directors, and the Editorial Advisory Board of Aspen's *Nonprofit Tax & Financial Strategies* newsletter.

PUBLICATIONS

Mr. Tenenbaum is the author of the book, *Association Tax Compliance Guide*, published by the American Society of Association Executives, and is a contributor to numerous ASAE books, including *Professional Practices in Association Management*, *Association Law Compendium*, *The Power of Partnership*, *Essentials of the Profession Learning System*, *Generating and Managing Nondues Revenue in Associations*, and several Information Background Kits. He also is a contributor to *Exposed: A Legal Field Guide for Nonprofit Executives*, published by the Nonprofit Risk Management Center. In addition, he is a frequent author for ASAE and many of the other principal nonprofit industry organizations and publications, having written more than 400 articles on nonprofit legal topics.

SPEAKING ENGAGEMENTS

Mr. Tenenbaum is a frequent lecturer for ASAE and many of the major nonprofit industry organizations, conducting over 40 speaking presentations each year, including many with top Internal Revenue Service, Federal Trade Commission, U.S. Department of Justice, Federal Communications Commission, and other federal and government officials. He served on the faculty of the ASAE Virtual Law School, and is a regular commentator on nonprofit legal issues for *The New York Times*, *The Washington Post*, *Los Angeles Times*, *The Washington Times*, *The Baltimore Sun*, *Washington Business Journal*, *Legal Times*, *Association Trends*, *CEO Update*, *Forbes Magazine*, *The Chronicle of Philanthropy*, *The NonProfit Times* and other periodicals. He also has been interviewed on nonprofit legal issues on Voice of America Business Radio and Nonprofit Spark Radio.



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AREAS OF PRACTICE

Trademarks and Brand Protection
Intellectual Property
Trademark Litigation
Copyrights and Licensing
Domain Names and Cyber Protection
Advertising and Marketing

INDUSTRIES

Consumer Products and Services
Nonprofit Organizations and Associations
New Media, Media and Entertainment

BAR ADMISSIONS

District of Columbia
Virginia, Associate Member
(inactive)

EDUCATION

J.D., Southern Methodist University, 1996
B.A., Vanderbilt University, 1991

MEMBERSHIPS

Andrew Price has spent the last 14 years at Venable with one focus: he helps clients establish, protect and profit from their brands worldwide.

Ranked as one of the leading trademark prosecution and strategy attorneys in Washington, DC, he is noted for a “fantastic global perspective” (*WTR 1000*, 2012).

Mr. Price was one of the earliest members of Venable's trademark practice, which is now ranked Tier 1 nationally and in Washington, DC (*U.S. News - Best Lawyers "Best Law Firms,"* 2011-2012). As a leading member of that group today, he represents clients of all sizes, from startups and celebrities to nonprofits and multinational corporations.

Mr. Price is known for his strategic counsel, client service, and value. He is distinguished by long relationships with clients for whom he manages large portfolios of trademarks worldwide. Clients recommend him as “an indispensable extension of our in-house legal department” who provides “creative, but well thought out business-minded advice.”

As a group, Mr. Price and his colleagues continue to be ranked among the most active in the United States. This year, the group ranks in the top 10 in U.S. trademark registrations issued (*Intellectual Property Today*, 2011) and in the top 20 in U.S. trademark applications filed (*World Trademark Review*, 2011).

As an individual, Mr. Price has a high-volume and comprehensive practice. He focuses on searching, registering, licensing, and enforcing all types of trademarks worldwide (e.g., brand names, logos, slogans, trade dress such as product configuration, and non-traditional marks such as motion marks). His practice includes bringing and defending opposition and cancellation actions before the U.S. Trademark Trial and Appeal Board. He also works closely with the firm's Intellectual Property Litigation Group to bring and defend trademark-related lawsuits, including preliminary injunction motions, in the United States. Abroad Mr. Price oversees a personal network of top foreign lawyers in a full range of trademark work.

REPRESENTATIVE CLIENTS

Mr. Price is strategic trademark counsel to Sony Mobile (formerly Sony Ericsson), one of the world's largest providers of mobile phones. During his representation, Sony Ericsson was nominated by World Trademark Review as Media & Telecommunications Team of the Year for three years in a row, winning in 2011. For more than five years, he has managed the client's worldwide trademark portfolio in the role of outside counsel.

He also represents a large number of associations and other nonprofit organizations, working closely with Venable's Nonprofit Organizations Practice Group – one of the country's leading nonprofit groups.

Mr. Price is responsible for nearly 3,000 active trademark applications and

registrations, including portfolios of the above clients plus the following, among others:

- one of the world's largest investment companies;
- one of the world's top dance footwear and apparel companies; and
- the world's largest Internet hosting provider.

SIGNIFICANT MATTERS

In 2012, Mr. Price won a seven-year battle to register a restaurant chain's main brand in the European Community, working with local counsel in the EU to settle three oppositions and dismiss a fourth.

In 2011, Mr. Price represented Arianna Huffington in negotiating intellectual property aspects of the sale of *The Huffington Post* to AOL. He also worked on clearance, registration, licensing and dispute matters involving a number of well-known entertainment figures and brands.

In 2010, Mr. Price worked with Venable's litigation team to defend a client in a preliminary injunction action in U.S. District Court, resulting in a favorable settlement and dismissal of the action. He also worked with European counsel to win an appeal for Sony Ericsson to register a rare motion mark in the European Community – a win that attracted significant attention.

In 2009, Mr. Price managed the searching of over 500 trademarks, many in more than one country. This set a record for the number of trademark searches performed by the Venable Trademark Group in one year for a single client. He also obtained for Sony Ericsson one of the few U.S. registrations for a sound mark.

In 2008, Mr. Price created a worldwide filing strategy that led to favorable worldwide settlement after a party demanded that a Venable client not launch a flagship brand. Today our client may use and register that brand worldwide.

In 2007, Mr. Price registered the well-known nonprofit brand MENSA in a large number of countries through the Madrid Protocol.

In 2005 and 2006, he stopped Asian and European counterfeits of the world's top-selling dance sneaker – without the need for litigation – by registering the trade dress on an expedited basis and recording the registrations with Customs. He also helped a television/movie celebrity name her nonprofit.

In 2003, he filed one of the first U.S.-based applications under the Madrid system for the international registration of marks.

HONORS

Mr. Price is a member of American Mensa, a client he helped represent for several years.

He was privileged to intern with the Public Defender Service for the District of Columbia, widely regarded as the premier public defender office in the country.

He was one of the first recipients of the Congressional Award, which is given in part for public service.

Mr. Price is also listed in *Who's Who in America 2012* (published Fall 2011).

ACTIVITIES

Mr. Price is a member of the International Trademark Association (INTA) and attends its annual meetings. He is a member of the Hiring Committee for Venable's Washington, DC office. In 2009, he and a colleague won the firm's Sir Francis Drake Bocce Tournament; and in 2010, they ran the tournament. In his spare time, he is a musician of 25 years.

PUBLICATIONS

- May 21, 2012, The Trend In Top Brands – Use More Inventive Naming, *All About Advertising Law, IP Buzz, IP Frontline*
- November 1, 2011, Indian Affidavits of Use: A Tool for Effective Trademark

Prosecution and Enforcement, *INTA Bulletin*

- September 27, 2011, Protecting and Licensing Nonprofit Trademarks: Key Trademark and Tax Law Issues
- September 7, 2011, The "Bet the Company" Moment: Think Trademarks, IP Buzz
- March 10, 2011, Nonprofits: Don't Get Caught Naked (Licensing), *Association Trends (and elsewhere in various forms)*
- October 12, 2010, Co-author, "Worlds Apart? How to Bridge the Gap Between Legal and Marketing Departments", *Corporate Counsel*
- May 1, 2006, Protecting Your Intellectual Property Abroad, *Associations Now Supplement*
- May 2006, Co-author, Special Rules Apply When Extending Protection to the United States Under the Madrid Protocol, *Venable's IP News & Comment*
- November 16, 2004, Trademarks and Domain Names: Some Issues Affecting Contractors in the Federal Government Marketplace, *BNA Federal Contracts Report and BNA Patent, Trademark & Copyright Journal*
- April 2004, The Madrid Protocol: King of the Road, or Hit the Road, Jack?, *Client Times*
- December 2003, Trademark Clearance and Protection, *Intellectual Property Today*
- May 2003, The Last Great Trademark, *Intellectual Property Today*
- December 1, 2002, Corporate Trademark Portfolios: Ten Steps to Effective Management, *Intellectual Property Today*
- December 4, 2001, Missing the Mark: The Proposed FAR Rule on Trademarks Presents Another Roadblock in the Path to Developing a Rational IP Policy, *BNA Federal Contracts Report*
- November 21, 1999, So You Want To Be On The Internet ®

SPEAKING ENGAGEMENTS

- June 13, 2012, Ten Best Practices for Protecting Your Nonprofit's Intellectual Property
- September 27, 2011, Webcast: "Protecting and Licensing Nonprofit Trademarks: Key Trademark and Tax Law Issues" for the Association of Corporate Counsel's Nonprofit Organizations Committee
- July 13, 2010, Legal Quick Hit: "Trademark Challenges for Nonprofits" for the Association of Corporate Counsel's Nonprofit Organizations Committee
- May 12, 2009, "Legal Quick Hit: Trademark Law Basics and Pitfalls for Nonprofits" for the Association of Corporate Counsel
- December 2007, "International Clearance Strategies and Budgeting" at the INTA International Trademark Basics Forum
- March 2004, "Issues in Trademark Law and the Madrid Protocol" for Thomson CompuMark
- 2003 - 2005, Course faculty, The Government Contract Intellectual Property Institute



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AREAS OF PRACTICE

Technology Transactions and Outsourcing
 Corporate
 Privacy and Data Security
 Franchise and Distribution
 Advertising and Marketing Litigation

INDUSTRIES

New Media, Media and Entertainment
 Government Contractors
 Life Sciences
 Nonprofit Organizations and Associations
 Green Businesses

BAR ADMISSIONS

Maryland
 District of Columbia

EDUCATION

J.D., *cum laude*, Catholic University of America, Columbus School of Law, 1997

Editorial Assistant, *Catholic University Law Review*

Working at the intersection of commerce and technology, A.J. Zottola focuses his practice on the exploitation of intellectual property, intangible, and technology assets in business and strategic relationships.

Mr. Zottola's skills enable him to handle all types of issues, negotiations, and agreements involving:

- intellectual property;
- franchise;
- privacy;
- information security;
- contract; and
- business tort law.

His extensive experience also helps clients resolve and craft settlement arrangements for misappropriation and infringement matters and for disputes involving commercial and licensing agreements. In addition, he regularly counsels clients on intellectual property, e-commerce and privacy issues, and prosecutes and manages U.S. and foreign trademark and copyright portfolios.

His in-depth knowledge helps clients achieve practical and creative solutions to procure, exploit, manage and protect their intangible and proprietary assets. Whether resolving employer/employee intellectual property ownership issues, assessing new technology developments, or acquiring technology assets through mergers and acquisitions, Mr. Zottola assists a variety of companies and funding sources in maximizing asset value, identifying new opportunities for business expansion and generation, and preventing the unwanted loss or infringement of proprietary rights.

REPRESENTATIVE CLIENTS

Mr. Zottola regularly represents U.S. and foreign enterprises, from *Fortune* 500 companies and small start-ups to trade and professional associations. Industries include software, e-commerce, information technology, electronics, media and entertainment, medical products, toys and other consumer products, financial services, healthcare, life sciences, telecommunications and other newer technologies.

SIGNIFICANT MATTERS

Having worked exclusively in the technology space since the beginning of the Internet age in the 1990s, Mr. Zottola has extensive experience in the areas of:

- licenses and technology transfers;
- outsourcing, professional, consulting, and Internet-enabled service arrangements;

Intellectual Property Summer
Institute, Franklin Pierce Law
Center, Concord, NH, 1995
B.A., Bucknell University, 1992

- distribution, supply, reseller, and manufacturing arrangements;
- e-commerce, information technology, data processing, and proprietary information agreements;
- strategic partnerships and alliances;
- trademark and copyright prosecution;
- technology and intellectual property due diligence;
- mergers, sales, dispositions, and acquisitions; and
- co-branding/marketing agreements, publishing agreements, and franchising agreements and networks.

Mr. Zottola has represented:

- a large technical and software services contractor in devising new open source software business models for its products and solutions;
- a large, publicly-held leader in enterprise storage management software in connection with the intellectual property aspects of acquiring a \$403 million publicly held software company that provided data storage, access and e-mail management solutions;
- a large, publicly held global business and information technology company in orchestrating the intellectual property aspects of selling its global utilities practice for approximately \$26 million;
- a privately held Internet entertainment and marketing business in selling all its technology assets (including its entire trademark and patent portfolio) to a large media company; and
- a large, publicly held pharmaceutical product wholesaler in connection with the intellectual property aspects of its joint venture with another public company to form an independent health informatics business.

Mr. Zottola's recent dispute resolution experience includes representing:

- a large non-profit organization in a breach of contract dispute with its data management systems provider;
- a leading children's toy company in its defense of a trademark and copyright infringement lawsuit, which also involved business tort and unfair competition claims;
- a leading scented candle manufacturer and distributor in its pursuit of trademark and copyright infringement, business tort and false advertising claims against a competitor; and
- a software company in a breach of contract dispute.

HONORS

Recognized in the 2012 edition of *Chambers USA* (Band 3), Technology & Outsourcing, District of Columbia

Recognized in the 2011 edition of *Legal 500*, Technology: Outsourcing and Transactions

PUBLICATIONS

- Co-Author, "Avoiding Intellectual Property Law Liability", *PLI Paper*, 468 *PLI/Pat* 363
- Author, "Ways in Which an Intellectual Property Professional Can Use the World Wide Web & Gopher Servers on the Internet", *Franklin Pierce Law Center Web site*
- April 26, 2012, Social Media and Charitable Solicitation Considerations
- March 28, 2012, Know the Risks Before You Head to the Cloud: A Primer on Cloud Computing Legal Risks and Issues for Nonprofits
- January 2012, Enforcing Non-Compete Provisions in California, Labor & Employment News Alert
- September 19, 2011, Does Twitter Content Require Permission to Use?, *Association Media & Publishing*
- May 19, 2011, Online Social Media and Nonprofits: Navigating the Legal Pitfalls

- January 11, 2011, The Top Five Technology Legal Traps for the Unwary Nonprofit Organization
- December 16, 2010, So You Want To Be On The Internet[®]
- October 5, 2010, The Top Five Technology Legal Traps for the Unwary Association
- June 24, 2010, The Legal Aspects of Social Media: What Every Association Needs to Know
- March 2, 2010, Social Media: Opportunities and Legal Pitfalls
- February 2010, Handling Unsolicited Idea Submissions, Technology Transactions Alert
- November 20, 2009, A Checklist for Social Media Legal Notices and Policies
- October 12, 2009, The Legal Aspects of Online Social Networks: An Overview for Associations
- July 2009, Electronic Health Records: "Meaningful Use" in a Land Rush, Healthcare Alert
- April 27, 2009, New Government Grants to Spur Green Technology Development, Technology Transactions Alert
- November 2008, Co-author, "Clawing Your Way to the Top: Avoid SEO Liability", *Electronic Retailer Magazine*, Vol. 5, No. 11

SPEAKING ENGAGEMENTS

- June 13, 2012, Ten Best Practices for Protecting Your Nonprofit's Intellectual Property
- May 17, 2012, "Key Legal Issues to Consider When Procuring Cloud Computing Solutions" for Licensing Executives Society
- April 26, 2012, "Social Media and Charitable Solicitation Considerations" at the 2012 Exempt Organizations General Counsel Conference
- February 2, 2012, "SOPA, PIPA and the MEGAUPLOAD Indictment: What Do these Developments Mean for the Internet?" for the Association of Corporate Counsel's IT, Privacy & eCommerce Committee
- September 1, 2011, "Cloud Computing Legal Issues" for the Association of Corporate Counsel's IT, Privacy & eCommerce Committee
- May 19, 2011, "Online Social Media and Nonprofits: Navigating the Legal Pitfalls" Webcast for the Association of Corporate Counsel's Nonprofit Organizations Committee
- January 11, 2011, Legal Quick Hit: "The Top Five Technology Legal Traps for the Unwary Nonprofit" for the Association of Corporate Counsel's Nonprofit Organizations Committee
- August 4, 2010, "Avoiding Legal Pitfalls When Using On-Line Social Media" for the Indiana Grantmakers Alliance, in collaboration with various State Grantmakers Alliances
- June 24, 2010, "The Legal Aspects of Social Media: What Every Association Needs to Know," Higher Logic's 2010 Learning Series
- March 2, 2010, "Legal Aspects of Social Media" at the SocialLex Conference 2010
- June 5, 2006 - June 6, 2006, 2006 Finance & Business Operations Symposium
- August 1998, "Are you Ready? What Every Nonprofit Should Know and Do About Year 2000 – Legal Implications, Preparations, and Practical Actions," at a program hosted by Gifts In Kind International

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Additional Information

AUTHORS

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October 5, 2010

The Top Five Technology Legal Traps for the Unwary Association

Related Topic Area(s): Antitrust and Trade Regulation, Copyrights and Trademarks, Electronic Communications, Employment Law, Meeting, Vendor and Government Contracts, Miscellaneous, Social Media

**This article appeared in the Dec. 2010 issue of Associations Now magazine, published by the American Society of Association Executives.*

New technology brings new opportunities for associations to leverage new communication devices, systems and networks. However, incorporating new technology into an association's operations or its external communication, membership or marketing efforts without first considering the potential legal risks can expose the unwary association to potential liability. In order to keep from falling into these legal traps, associations must first be aware of them, and then take proactive steps to avoid them. The following is a non-exhaustive list of some of the top legal traps that can snare an association using new today's new technology.

#1 - The Online/Electronic Contract Trap

Electronic contracts are generally enforceable to the same extent as paper contracts. The Uniform Electronic Transaction Act ("UETA"), which provides that an electronic signature satisfies any legal requirement for a signature on a contract, has been adopted by 47 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Federal legislation, called the Electronic Signatures in Global and National Commerce Act ("ESIGN"), also endorses the use of electronic contracts in interstate commerce. However, even if electronic contracts are generally enforceable, associations that enter into contracts online still have to be mindful of contractual requirements such as showing knowledge of, and assent to, the contract by both parties. Additionally, electronic contracting requires consideration of unique issues, such as maintaining a level of security and authentication adequate to verify reasonably the identity of the parties entering the contract.

Once an association begins to use electronic contracts to make its content, resources and tools available online, the association also should consider setting forth the specific terms and conditions governing the use of such content, resources and tools. These terms and conditions should address common issues such as end-user conduct, permissible use of intellectual property, notice of proprietary rights, disclaimers, limits on liability, the association's role or responsibilities, and other relevant legal issues related to the particular conduct. With respect to posting such terms and conditions, the association should not rely solely on mere notice. Maintaining an enforceable legal document should be accomplished by providing both notice and an opportunity for the end user or other contracting party to review the applicable terms and conditions and subsequently provide some manifestation of assent to the applicable terms and conditions. Recent court decisions suggest that mere notice without a manifestation of assent is not sufficient to make the terms and conditions enforceable. An association also should implement a process by which to document and maintain a record for the online formation and "execution" of an electronic agreement in the same general manner that an association may keep records of the execution of its paper contracts, pursuant to its records and information management policy.

#2 - The Social Media Trap

Associations that operate interactive websites, listserves, blogs, or other interactive online forums, or that utilize online social networks, may encounter user postings with content that infringes or violates the rights of others. For example, with respect to copyrightable works owned by third parties, such as articles written by others, if the posting was made by an association employee, the association may be vicariously liable for copyright infringement if the posting was done without the permission of the copyright owner. If the posting was done by a third party (such as an association member), an

association could become liable if it contributes to the posting of the infringing content or alters the material so as to contribute to its content, or if it knew or should have known of the infringement and did not take prompt corrective action. The safe harbor provision of the federal Digital Millennium Copyright Act ("DMCA") may help shield an association from liability for third-party postings that contain infringing material so long as the organization itself maintains a neutral role, *i.e.*, the infringing material is transmitted at the direction of someone else, is carried out through an automatic process, is not sent to recipients specifically selected by the hosting company, and is transmitted without modification. The federal Communications Decency Act ("CDA") also provides some protection from defamation and other tort liability for postings by third parties, so long as the association does not become the "publisher" of the content. Note that the CDA does not provide protection from antitrust liability or liability for copyright or trademark infringement.

An association should post terms and conditions that govern the behavior of third-party posters as well as the association's own employees, and that clearly identify the type of acceptable content that may be posted to the website or other interactive online forum operated by the association. In addition, associations should maintain a policy governing social media use by association employees, making clear both what is encouraged and what is prohibited, restricted or otherwise subject to regulation by the association.

Social media or networking sites also make it easier for someone to masquerade as another person or entity. For example, in *LaRussa v. Twitter, Inc.*, Major League Baseball manager Tony LaRussa sued Twitter after discovering that someone both created an account using his name (www.twitter.com/TonyLaRussa) and posted negative "tweets" about him underneath his name and photo. After contacting Twitter about the account and receiving no response, LaRussa sued Twitter for trademark infringement as well as cybersquatting and misappropriation of his name. Although the suit was later voluntarily dismissed, it provided an example of both the need to monitor and enforce an association's online identity and the risk that can arise from not establishing and identifying for the public an association's official online presence. This is especially critical when an association plans to permit others, even affiliated entities such as state and local chapters, to use the association's name online. An association should declare which sites are its own and provide rules for when someone else is using the association's name or trademark outside of the association's official site(s).

#3 - The Trademark Trap

It is easy to misuse third-party trademarks in electronic environments. As a general rule, an association should only use a third party's trademark with permission. In addition, an association should remain vigilant with respect to protecting its own trademarks. Associations should monitor for impermissible use of the association's name or trademarks in or as keyword search terms, user account names, or as the primary variables in unauthorized search engine optimization efforts. To protect against trademark infringement via online advertising or online social networks, associations should consider reserving their own trademarks as user account names and/or as online search keywords with online social networks, ad networks, search engines, and other interactive communities in order to claim rights in the character string equal to an association's full or most recognizable name (s). Associations also should notify and communicate with the appropriate search engine operators or online advertisers if they believe that their trademarks are being improperly used. Associations should make it an express policy to prohibit use by third parties of its name or trademarks as an account name or avatar (*i.e.*, a user or account holder's representation of itself, or the alter ego whether in the form of an image, symbol, icon, logo, username, or text string). Associations should periodically search and enforce such a rule in order to uncover instances when an association's trademark rights are being infringed or misused.

Domain names remain another area where trademark rights can be easily trampled. Associations likely want domain names that are equivalent or similar to their organization's name. As such, associations must remain diligent in their efforts to protect their trademark rights in connection with certain domain name reservation or registration practices. Although registrars now recognize the protection and enforcement of trademark rights in their domain name registration practices, new forms of cybersquatting consistently arise in connection with the increasing number of available top-level domains for domain name registration, such as country- or business-specific domains. For example, "front runners" are domain prospectors who register names immediately after potential brand owners have filed trademark registration applications with the U.S. Patent and Trademark Office. This has the effect of requiring the potential brand owner to purchase the domain name from the domain prospector. To protect against "front-running," associations should consider simultaneously registering for a domain name(s) corresponding to the trademark that is the subject of a new application. Associations also

must remain aware of cybersquatters that engage in “drop-catching.” In such instances, cybersquatters wait for a registration for a domain name to expire and then “drop-catch” (immediately register the domain name). Cybersquatters profit by building traffic off of the prior registrants. This is especially true of domains that contain trademarks. Associations can avoid “drop-catching” by being proactive in their efforts to renew their domain names.

#4 - The New Technology Trap

When a new technology gains widespread use and acceptance, it still remains important for an association that may be utilizing the technology for the first time to be aware of the related requirements and potential risks associated with the new technology. This is true even if the association is not one of the early adopters of the technology. For example, more and more associations are conducting business transactions (such as membership dues payments, conference registration fees, and publication sales) and accepting payment through their websites. Associations that utilize credit and debit cards to process payment transactions should ensure that their efforts to protect consumer account information comply with PCI Data Security Standards (“PCI DSS”). PCI DSS is a set of 12 security standards created by the credit card industry that are intended to help organizations protect customer account information from theft and misuse. The standards focus on security management, as well as policies, procedures and protective measures for safeguarding customer account data. Although there are no federal or state laws that mandate compliance with all 12 PCI standards, several states, including Minnesota, have recently enacted statutory requirements similar to PCI DSS. The Minnesota law prohibits merchants from storing sensitive authentication data after payment cards are authorized. As a consequence, associations that process payment card data should validate the association’s data security, handling and storage processes and take proactive steps to ensure their compliance with PCI DSS. On many occasions, an association may need to implement and pay for the necessary security programs and measures required to remain in compliance with PCI DSS. Although such PCI compliance may be costly, in the long run, secure payment systems will help associations to preserve member/customer loyalty and brand value.

Associations also must protect against the risks that accompany employee use of employer-issued mobile communication devices. More and more associations permit use of, or even provide their employers with, mobile devices to facilitate their work. As the capacity and sensitivity of data that mobile communication devices can hold continues to expand, employers should make every effort to protect the information managed or stored through such devices in the same manner that the association manages the information on its own internal computer network. For example, the use of third-party applications on mobile communication devices is now a prevailing norm (e.g. ringtones, games, etc.). As a result, the risk of malware for mobile devices continues to increase (e.g., there were some 300 to 500 known versions of mobile malware in 2008). Although most mobile operating system vendors require third-party applications to be tested for approval and certification, this often is not enough protection to avoid viruses or other forms of malware. Associations should therefore work to protect both their own internal computer networks and systems and their external networks and mobile devices by purchasing anti-malware programs and measures that address both kinds of networks. Additionally, employers should implement proactive processes to protect information on employee mobile devices that are lost or stolen. Beyond password features, associations should invest in remote data deletion software that would allow an association to remotely delete sensitive information on lost or stolen devices.

#5 - The Employee Use Trap

As more and more information is stored electronically and new technology makes it easier to access and disseminate information, trade secret protection becomes harder to manage and enforce. Trade secret owners therefore must take extra precautions for the use, handling and transmission of their valuable or proprietary information in digital form. Associations should implement policies directed specifically against disclosure that may occur online or through mobile communication devices. These policies should focus on restricting and controlling employee access to and disclosure of trade secrets through these newer forms of communication. For example, associations should prohibit employees from storing confidential information on unauthorized digital devices or posting confidential information on unaffiliated websites (e.g., social media sites, blogs, etc.). Additionally, associations should actively promote security compliance to their employees, and require that employees promptly report any security breaches. Finally, upon termination of employment, associations should require employees to delete any association information that has been stored on personal electronic devices.

In addition to remaining mindful of trade secrets in connection with mobile communication devices, the

capabilities of remote access are increasingly expanding the traditional notion of the workplace. This expansion has ramifications on both controlling and monitoring employee conduct. According to the U.S. Supreme Court's recent decision in *City of Ontario v. Quon*, employers can monitor employee text messages on employer-issued mobile phones or pagers – if done in the appropriate manner. In that case, the City reviewed an employee's text messages (and those of two fellow co-workers) after the employee exceeded his texting limit. In conducting its review, the City discovered many of the employee's text messages to be personal and sexually explicit. The Court held that the search did not violate the employee's Fourth Amendment rights to reasonable search and seizure. While *Quon* involved a government employer and thus posed different legal standards than most associations face, it serves as an important reminder that associations should consider adopting policies that explicitly address the ability to monitor employee conduct outside an association's own offices (e.g., on personal computers linked to the association's network and personal mobile communication devices linked to the association's email system) – and that specifically make clear to employees that they have no reasonable expectation of privacy when using these facilities. In addition to safeguarding confidential information and maintaining productivity, monitoring can be justified as necessary to help protect associations from vicarious liability for employee conduct. Courts have regularly held employers liable for their employees' inappropriate use of employer-provided mobile communication devices. For example, in *Ellender v. Neff Rental, Inc.*, an employer was held vicariously liable for the negligence of an employee who caused an accident in his personal vehicle while conducting business on his employer-provided cell phone. Therefore, to protect themselves from potential liability, associations should establish written policies that work to monitor and deter inappropriate use of association-related facilities both in and outside of the office.

* * * * *

Jeff Tenenbaum chairs Venable's Nonprofit Organizations Practice Group. A.J. Zottola is a partner at Venable in the Business and Technology Transaction Groups and focuses his practice on intellectual property, computer, Internet, new media, and technology law. For more information, please contact jstenenbaum@venable.com or ajzottola@venable.com, or 202-344-4000.

This article is not intended to provide legal advice or opinion and should not be relied on as such. Legal advice can only be provided in response to a specific fact situation.

Articles

January 1, 2001

Top Ten (Actually Eleven) Copyright and Trademark Tips for Associations

AUTHORS

Jeffrey S. Tenenbaum

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Related Topic Area(s): Copyrights and Trademarks

Whether it is protecting your own intellectual property or avoiding the infringing of others', copyright and trademark law should play an important role in the typical activities of every association. Fortunately, the well-informed association can go a long way toward protecting its interests in this area without the involvement of lawyers. While the advice and guidance of counsel is recommended in formulating and implementing your association's intellectual property policies, the following (non-exhaustive) guidelines should provide the framework for effective policies and practices in the copyright and trademark area:

- 1. Use Copyright and Trademark Notices.** Use copyright notices (e.g., © 2002 ABC Association. All rights reserved.) on and in connection with all creative works published by your association and trademark notices on all trademarks, service marks, and certification marks owned and used by your association (e.g., TM for non-registered marks and ® for registered marks). While copyright and trademark notices are not required, their effective use can significantly enhance your intellectual property rights, including eliminating an "innocent infringement" defense.
- 2. Register Your Trademarks.** Register your association's name, logos, slogans, certification marks, and all other important marks with the U.S. Patent & Trademark Office. While federal registration of your marks is not required to obtain and maintain trademark rights, it can be extremely helpful in enhancing and enforcing them. In addition, obtain domain name registrations for all available names you plan to use in the future, and pursue obtaining registrations from others if your association has superior rights to the domain name.
- 3. Register Your Copyrights.** Register your association's Web site, publications and all other important, original, creative works (that are fixed in any print, electronic, audio-visual, or other tangible medium) with the U.S. Copyright Office. While such registration is not required to obtain and maintain a copyright in a work, it is a prerequisite to filing suit to enforce your rights and confers other valuable benefits. Copyright registration is a very simple and inexpensive process.
- 4. Police Use of Your Intellectual Property.** Police the use of your copyrights and trademarks by others and enforce your rights where necessary. Use periodic Web searches, among other means, to do so. Enforcement does not necessarily involve the filing of a lawsuit.
- 5. Codify All Licenses in Writing.** Whenever your association lets others -- such as members, chapters, affiliated entities, or endorsed vendors -- use your name, logos, copyrighted works, and other intellectual property, put the terms and conditions of the license in writing. Note that an assignment (transfer of ownership) must be in writing to be valid, as must an exclusive license (permission to use). While oral or implied non-exclusive licenses can exist, they can be difficult to interpret, difficult to enforce, limiting in nature, and otherwise problematic for your association.
- 6. Make Sure You Own or Have Permission to Use All Intellectual Property.** Ensure that your association owns or has appropriate permission to use all intellectual property (e.g., text, graphics, photos, video) that it uses in its publications, on its Web site, and in all other media. More copyright problems arise in this area than any other. You may have conceived the idea, supervised the work's creation, and paid for it, but that does not mean you own the work. You may have only a limited license for a specific use. When you wish to use the work on another project or in another medium, you may learn that a separate fee and permission is required.
- 7. Agreements with Contractors.** Maintain written contracts with all contractors to your association -- such as software developers, lobbyists and all other outside consultants and contractors -- to ensure that your association is assigned the ownership rights (or at least sufficient, irrevocable license rights)

to all intellectual property created by the contractor under the agreement. Without such a writing, the basic rule in copyright law is that the person who creates the work is the one who owns it, regardless of who paid for the work to be created. This rule does not apply to employees, ownership of whose work (that is within the scope of their employment) automatically vests in the employer. If your association is a *joint* author with another party (e.g., association employees working side-by-side with technology consultants to write software for your association), seek to obtain an assignment from the co-author(s) to your association.

8. Agreements with Authors and Speakers. For the same reason as stated above, obtain a written and sufficiently broad license or assignment from all (non-employed) writers and speakers for your association, including members. Be sure that, for licenses, the permission is irrevocable, worldwide in scope, royalty-free (if applicable), exclusive (if applicable), covers all possible uses of the work in all media, contains a release to use the author or speaker's name, photograph, etc., and contains appropriate representations and warranties.

9. Agreements with Board and Committee Members. For the same reason as stated above, obtain a written assignment from all association board of directors and committee members assigning ownership of all intellectual property that they create (within the scope of their service to the association) to the association. Such a form also can be used to impose confidentiality obligations on members and to require conflict of interest disclosure.

10. Protect Your Membership Database. As the name, addresses and other contact information contained in your membership directory, mailing labels, and membership list are generally are not protected by copyright -- as they usually do not possess the minimum level of originality required -- it is imperative for your association to use a "shrinkwrap" license, click-and-accept feature, or other form of contractual commitment to place explicit, binding limits and conditions on the use of your membership list by members, vendors and others. Failure to do so may leave your association with little or no recourse to prevent unrestricted use of this most valuable information by those who obtain a copy of it.

11. Rules for Interactive Online Services. As part of your association's chat rooms, bulletin boards, e-mail exchanges, and other member-interactive online services, regularly distribute rules that prohibit the posting of any copyright-infringing materials (along with other rules). In addition, be sure to immediately remove infringing material if it comes to your association's attention.

For more information, please contact Mr. Tenenbaum at 202/216-8138 or jstenenbaum@venable.com.

Articles

March 1, 2002

Does Your Association Own the Work Product of Your Contractors, Authors, Speakers, Officers, Directors, and Committee Members?

AUTHORS

Jeffrey S. Tenenbaum

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2012 2008 2004
2011 2007 2003
2010 2006 2002
2009 2005

Related Topic Area(s): Copyrights and Trademarks

Except for employees acting within the scope of their employment and certain other limited cases, the basic rule under U.S. copyright law is that the creator of an original work is the owner of the copyright in that work (regardless of who paid for the work to be created), barring a written assignment of the copyright to another party. This widely misunderstood rule applies with equal force in the association community, and it applies not only to outside contractors such as consultants and lobbyists, but also to your association's volunteer or paid authors, speakers, officers, directors, and committee members. Failure to understand this rule can have devastating consequences for your association.

It is critical for your association to ensure that it owns, or at least has appropriate permission to use, all intellectual property (e.g., text, graphics, photos, video) that it uses in its publications, on its Web site, and in all other media. Your association's staff may have conceived the idea and supervised the work's creation – with your association paying for it – but that does not mean your association owns the work. You may have only a limited license for a specific use. When you wish to use the work on another project or in another medium, you may find the work's creator demanding a separate fee or other consideration – or you may be precluded from using it at all.

Contractors. Maintain written contracts with all contractors to your association – such as software developers, lobbyists and all other outside consultants and contractors – to ensure that your association is assigned the ownership rights (or at least sufficient, irrevocable license rights) to all intellectual property created by the contractor under the agreement. If your association is a *joint* author with another party (e.g., association employees working side-by-side with technology consultants to write software for your association), seek to obtain an assignment from the co-author(s) to your association.

Authors and Speakers. Obtain a written and sufficiently broad license or assignment from all (non-employed) writers and speakers for your association, including members. Be sure that, for licenses, the permission is irrevocable, worldwide in scope, royalty-free (if applicable), exclusive (if applicable), covers all possible uses of the work in all media, contains a release to use the author or speaker's name, photograph, and biographical information, and contains appropriate representations and warranties.

Officers, Directors and Committee Members. Obtain a written assignment from all association officers, directors and committee members assigning ownership of all intellectual property that they create (within the scope of their service to the association) to the association. Note that when a work has numerous creators (such as a set of standards or a report produced by a committee, perhaps in conjunction with association staff), each of the individual contributors (including the association) may be a joint owner of that work, each with the right to use the work and each with a proportional right to share in all proceeds from the work. Below is an abbreviated version of a sample assignment form for use with association committee members (more comprehensive versions of such forms are sometimes used):

Copyright Assignment Form for the ABC _____ Committee

As a member of the _____ Committee (the "Committee") of the ABC Association ("ABC") that assists ABC staff members and others in the development, modification and refinement of _____ and related material for its _____ (collectively, the "Intellectual Property"), I, _____, hereby completely, exclusively and irrevocably assign and agree to assign to ABC in perpetuity ownership of all of the copyrights (and all rights subsumed thereunder) in and to all of my contributions to the Intellectual Property (the "Contributions"), both those Contributions that have been made in the past and those that will be made in the future. I hereby grant, convey, assign, and set over unto ABC, its successors and assigns, on an exclusive

basis, all of my right, title and interest in and to the copyrights in the Contributions, including, without limitation, copyrights and renewals and/or extensions thereof, for all territories of the world in perpetuity. Good and valuable consideration has been provided to me for the assignment of these rights. In addition, I hereby waive any and all rights of attribution and integrity with respect to ABC's use of the Contributions.

Signature _____

Date _____

Articles

June 2004

Association Trademark Basics

Related Topic Area(s): Copyrights and Trademarks

Association names and acronyms may be trademarks protected under federal law or at common law. But what happens when your association's name or acronym is used by another association? Can you prevent the other association from using your mark or will your association have to give up its mark after all the time and money expended on building recognition in the mark? The answer is: it depends.

It is important for every association to understand the basics of trademark law in order to secure its trademark rights, to recognize infringement of its marks, and to avoid possible infringement of someone else's trademark.

A trademark is any word, phrase, symbol, or design (or combination thereof) used by a company, individual, or association to identify the source of a product. A service mark is the same as a trademark except that it identifies the source of a service. A certification mark is a mark used by an authorized third party to indicate that their products or services meet the standards set by the owner of the mark.

Choose your mark carefully, because not all trademarks are entitled to protection under either common law or federal law. Generic marks (those that are the common name of the product or services offered, for example, CARS for cars), or descriptive marks (those describing a feature, function, quality, characteristic, use or user of the product or service offered, for example, USED CAR DEALER for a magazine in the field of automobiles), marks that are primarily surnames, geographically descriptive marks, national symbols or scandalous marks are generally not protected. However, descriptive marks and surname marks can acquire trademark significance through extensive use of the mark over time. It may also be possible to get around these problems by combining a generic, descriptive or surname mark with a distinctive logo design; the words together with the design may be protected.

Ideally before a trademark is chosen, the mark should be "searched" and cleared for availability. Searching can answer two questions: will the use or registration of the mark infringe someone else's mark, and will you be able to stop or prevent someone else from using the same or a similar mark to identify the source of the same or similar products or services? It is worth noting that infringement of a trademark does not have to be intentional; innocent infringement still forms the basis for a cause of action against the later user. Therefore, searching and clearing trademarks can be a critical part of managing and protecting your association's intellectual property.

Trademark rights are established either by use of the mark in commerce, or by federal registration with the U.S. Patent and Trademark Office ("USPTO"). For state or local associations, state registration also is available. Generally, the first party to use the mark in commerce or the first to file an application for registration has the right to use or register the mark. For example, if the Association for Bicycle Safety filed a trademark application for the mark ABS with the USPTO on March 12, 2003 covering association services, namely, promoting bicycle safety, and the American Bicycle Society begins using ABS on June 12, 2003 in connection with association services, namely, promoting the interests of bicyclers, the safety group would have superior rights (once the application matures to a registration) and could prevent the latter group from using the ABS mark.

Trademark rights extend to the same or similar marks when used to identify the same or related products or services. There may be a likelihood of confusion between two parties' use of the same or similar mark on the same or similar products or services in the same industries, such as in the ABS example above. On the other hand, two different users of the same mark may be able to coexist if the marks are used on different products or services in different industries. For example, the Association for Bicycle Safety and the American Baker Society could both use the mark ABS.

One exception to this rule is if one of the marks is a "famous" mark. The owner of a famous mark may

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2012 2008 2004
2011 2007 2003
2010 2006 2002
2009 2005

be able to prevent others from using the same mark on *any* product or service if such use causes dilution of the distinctive quality of the mark. However, a recent Supreme Court ruling has made proving dilution of famous marks much more difficult, especially when the marks are not identical.

Understanding the basics of trademark law will help strengthen the value of your association's trademarks as well as prevent your association from infringing the trademark rights of others, with the sometimes devastating consequences that can follow.

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Articles

1999

Licensing Your Association's Logo to Others

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2010 2006 2002
2009 2005

Related Topic Area(s): Copyrights and Trademarks

Whenever an association permits others to use its logo - be it members, chapters and other affiliated organizations, endorsed vendors, or others - it is imperative for the association to put strict conditions and limitations on the use of its logo. Failure to do so can jeopardize the association's trademark rights in its logo, create potential liabilities for the association, damage the association's reputation and goodwill, create the false impression of an association endorsement or guarantee where one does not otherwise exist, and result in a host of other significant problems for the association. The following model license is designed to be used by associations in conjunction with the distribution of their logo to association members who are permitted to use it on their business cards, stationery, storefronts, Web sites, advertisements, etc. The license can be easily modified for application to chapters, affiliates, endorsed vendors, etc., and an appropriately modified version of the license should be incorporated into contracts with these entities where a logo license is a part of the agreement. Finally, for a variety of important reasons, it is strongly advisable for associations to register their logo, as well as their name, as service marks with the U.S. Patent & Trademark Office.

* * * * *

Model License of Association Logo to Members The attached logos are the property of the ABC Association ("ABC") but may be used by ABC members in good standing in accordance with the terms and conditions set forth below. Use of one or more of the logos shall constitute consideration for, agreement to, and acceptance of the following terms and conditions of this license by the user:

1. The attached logos are the sole and exclusive property of ABC. These logos may be used only by ABC members in good standing if and only if such use is made pursuant to the terms and conditions of this limited and revocable license. Any failure by a user to comply with the terms and conditions contained herein may result in the immediate revocation of this license, in addition to any other sanctions imposed by ABC. The interpretation and enforcement (or lack thereof) of these terms and conditions, and compliance therewith, shall be made by ABC in its sole discretion.
2. As set forth on the Attachment, the logos are made available to ABC members in good standing in camera-ready, printed form in color and/or black [modify accordingly for electronic media]. The logos may not be revised or altered in any way, and must be displayed in the same form as produced by ABC. The logos are a single color. The official color of the logos is Pantone Matching System (PMS) _____. The logos must be printed in their official color or in black.
3. The logos may be used in a professional manner on the user's business cards, stationery, literature, advertisements, storefront window, Web site, or in any other comparable manner to signify the user's membership in ABC. The logo may never be used independent of the term "MEMBER," as set forth on the Attachment. Notwithstanding the foregoing, the logos may not be used in any manner that, in the sole discretion of ABC: discredits ABC or tarnishes its reputation and goodwill; is false or misleading; violates the rights of others; violates any law, regulation or other public policy; or mischaracterizes the relationship between ABC and the user, including but not limited to any use of the logos that might be reasonably construed as an endorsement, approval, sponsorship, or certification by ABC of the user, the user's business or organization, or the user's products or services, or that might be reasonably construed as support or encouragement to purchase or utilize the user's products or services.
4. Use of the logos shall create no rights for users in or to the logos or their use beyond the terms and conditions of this limited and revocable license. The logos shall remain at all times the sole and exclusive intellectual property of ABC. ABC shall have the right, from time to time, to request samples of use of the logos from which it may determine compliance with these terms and

conditions. Without further notice, ABC reserves the right to prohibit use of the logos if it determines, in its sole discretion, that a user's logo usage, whether willful or negligent, is not in strict accordance with the terms and conditions of this license, otherwise could discredit ABC or tarnish its reputation and goodwill, or the user is not an ABC member in good standing.

5. Any questions concerning use of the logos or the terms and conditions of this license should be directed to the ABC Executive Director.



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Articles

May 21, 2012

The Trend In Top Brands – Use More Inventive Naming

All About Advertising Law, IP Buzz, IP Frontline

Many of the top companies in the world use distinctive and inventive naming for their brand names. Our recent review of 2012 Brand Finance Global 500 rankings reveals a trend – the top 10 global brands are getting more inventive.

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05/21/2012

The Trend In Top Brands -- Use More Inventive Naming

Many of the top companies in the world use distinctive and inventive naming for their brand names. Our recent [review](#) of 2012 Brand Finance Global 500 rankings reveals a trend -- the top 10 global brands are getting more inventive.

80% of the brand names represented are *inherently distinctive*, meaning they are fanciful or 'made up' words such as "Vodafone", or arbitrary words used out of context such as "Apple". In contrast, from 2007 through 2011, only 50% of the top 10 brands on average reflected inventive or highly distinctive naming.

It is instructive to compare some of the brand names represented in the 2012 top 10 list with weaker -- and now defunct -- brands in the same field:

- Computers: Apple vs. Wang (founder's last name)
- Search Engines: Google vs. InfoSeek (for seeking information)
- Software: Microsoft vs. WebTV (for TV on the web)
- General Retail: Wal-Mart ("Wal" from Sam Walton) vs. Woolworth's (founder's last name)
- Mobile Phones: Samsung/Vodafone vs. Palm (for devices that fit in the palm); and
- Bookselling and Online Retail: Amazon vs. B.Dalton (founder's name).

Of course, it is possible to acquire a strong brand over time, even if the brand name is not so inventive to start. Superb brand management and business performance contribute significantly to brand strength over a period of time, and can help less-inventive brands become strong. But today's hyper-competitive marketplace rewards some brands more than others: those that are distinctive and stand out from the rest at the start.

[Andrew Price](#) and [Justin Pierce](#)

IP Buzz

September 7, 2011

The "Bet the Company" Moment: Think Trademarks

This article also appeared in World Trademark Review's Premium Daily, as one of the Editor's Pick of the Web, on September 20, 2011.

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2011 2007 2003

2010 2006 2002

2009 2005

Have you ever heard the phrase "bet the company"? Most people think of it as a business move or challenge that threatens a core product or service. Most do not associate it with launching a new brand. And yet the "bet the company" moment happens each time an organization is created, launches new products or services, rebrands itself, or extends its brand to different areas/industries. These moments have one thing in common: a brand that can succeed or fail based largely on its ability to be protected under trademark law. When a critical new brand cannot be protected or infringes another's rights, it compromises your ability to send a unique and consistent message to consumers. Launching a key brand can truly be a "bet the company" moment.

Some assume that establishing a brand is similar to setting up a new legal entity with a state. In fact, establishing a brand under trademark law could not be more different. When setting up such an entity, if no other party has the same name or "Doing Business As" in that state, you generally get it. Under trademark law, however, establishing a brand depends on whether that brand is available for use and registration under a tough legal standard: likelihood of confusion. This takes into account brands that are similar and not just identical. There must not be a likelihood of confusion between that brand and all the other brands that already exist nationwide. Applying this standard involves a multi-factor legal analysis that considers more than just the brands themselves; the analysis takes into account, for example, the similarity of the underlying products or services. Further, for organizations seeking to provide products or services internationally, a similar analysis must take place in every market where the organization intends to act.

If an organization fails to meet the standard and infringes another party's rights, the entity usually faces three options: (1) move to a new brand, (2) pay licensing fees, or (3) buy the other side out. This infamously happened to NBC in the 1970s. At the time, NBC reportedly paid \$1 million to design a new logo (for which it was the butt of jokes on *Saturday Night Live*). Then was sued for trademark infringement; the new logo was virtually identical to the mark owned by Nebraska's chain of PBS affiliates. To settle the dispute, NBC reportedly paid near \$1 million in cash and equipment.

The same three options can confront an organization that fails to properly apply to register its brand, when another party files first. This happened with Apple's iPhone brand with Cisco (they eventually settled their dispute). Also, Apple reportedly paid millions in China alone, to solve a registration problem to ensure that their iPhone mark covered mobile phones in that first-to-file country.

When key brands must be changed abruptly after launch, the goodwill associated with the brands is lost. This loss can be magnified by bad press over the branding change. Most organizations do not have the NBC's or Apple's reservoir of goodwill or resources to quickly rehabilitate goodwill when it is lost.

The cost of trademark litigation is always a key consideration. For an average trademark infringement suit that does not settle early (where <\$25 million is at stake), the median litigation cost can run up to \$775,000 inclusive of all costs. (See the 2011 Report of the Economic Survey from the American Intellectual Property Law Association (AIPLA).) It is important to note that this does not include the cost to change brands or pay a monetary judgment for damages. The overall cost of a trademark challenge/infringement suit can be millions of dollars in a worst-case scenario, especially in a case where an organization/executive is indifferent to, or disregards, another's trademark rights.

Understandably, organizations are in a hurry to succeed and do not want legal work to delay the business process. But a "bet the company" legal moment occurs each time an organization is created, launches new products or services, rebrands itself, or extends its brand to new areas/industries. To succeed at these "bet the company" moments, it is important to fully vet and protect your key brands

under trademark law's demanding standard and not view this process as a simple filing of forms to record a name.

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March 10, 2011

Nonprofits: Don't Get Caught Naked (Licensing)

Association Trends (and elsewhere in various forms)

Related Topic Area(s): Copyrights and Trademarks

This article also appeared in the Annual Legal Review section of the March 17, 2011 issue of Association TRENDS. To read the entire section, visit the [Association TRENDS website](#).

Additionally, this article was published in the American Association of Medical Society Executives (AAMSE)'s Hotline on March 4, 2011; Final Proof, an e-newsletter by Association Media & Publishing, on March 15, 2011; the Summer 2011 issue of Chamber Executive; the July 21, 2011 edition of ASAE's Dollars & Cents; and the July/August 2011 issue of Taxation of Exempts.

Nonprofit organizations often allow others to use their trademarks – such as their logos – without much control. This was not a major problem years ago when nonprofits were less aggressive in disputing trademarks and had charitable missions that made courts more tolerant. Today's nonprofits are different.

The Wall Street Journal noted the rise in trademark battles among nonprofit organizations in a page-one story on August 5, 2010. As I told *The Journal*, "The days are probably over when nonprofits just said, 'We'll just get along with anybody who's a nonprofit because we're all trying to do good here.'"

More recently, in November 2010, a federal appeals court, in a case called *Freecycle*¹, found that a nonprofit abandoned its trademarks because it engaged in what is called "naked licensing." Simply said, naked licensing is when a trademark owner allows another party to use its trademarks without sufficient control. All trademark rights are lost when abandonment occurs.

The amount of control required to avoid naked licensing depends on the circumstances, though *Freecycle* provides some guidance. The big-picture mistakes of the trademark owner in *Freecycle* would apply to most trademark owners. In *Freecycle*, the court found the owner failed to have an overall system of control. Specifically, the owner (1) failed to retain express contractual control over use of the marks by its members, (2) failed to exercise actual control over use of the marks by its members, and (3) was unreasonable in relying on the quality control measures of its members. Thus any trademark owner should establish control in writing, exercise actual control, and not rely on members to control themselves, as discussed further below.

To determine what type of control is needed within this system, it is useful to understand the type of mark being challenged in *Freecycle*. In *Freecycle*, the marks (e.g., FREECYCLE) appeared to be traditional trademarks (i.e., marks that identify the source of goods/services); the owner sought to register its logo as such. The marks did not appear to be certification marks (i.e., marks that certify the quality of goods/services) or collective membership marks (i.e., marks that just signify membership in an organization).

Arguably collective membership marks require less – or at least a different type of – quality control compared to traditional trademarks and certification marks. This is because collective membership marks just signify membership in an organization. These marks do not signify that goods/services come from a particular source (like the traditional trademark THE NATURE CONSERVANCY on a magazine) or that a product is of a certain quality (like the certification mark UL on an electronics device, which shows approval by the nonprofit Underwriters Laboratories). This distinction is important in considering how to treat marks used by the members and chapters of nonprofits. It may help to treat such marks as collective membership marks to avoid naked licensing.

Often a nonprofit wishes to allow members and chapters to use the nonprofit's primary logo as a sign of membership, though the nonprofit does not wish to manage a certification program like UL or a traditional trademark license (e.g., as used in merchandising). In that case, the nonprofit should take three steps.

First, the nonprofit should ensure the mark does not make the impression of a certification mark or traditional trademark, but instead makes the impression of a membership mark. An effective way to convey this to the world is to add the word "MEMBER" (for members) or "CHAPTER" (for chapters) to the mark and apply to register the mark as a collective membership mark with the U.S. Patent and Trademark Office (USPTO).

Second, the nonprofit should change its bylaws and/or policy manual in such a way that will license the mark to members and chapters, and automatically bind them to specific controls for use of the mark. The specific controls would include a requirement not to use the mark other than as a sign of membership (except that chapters could provide limited services the nonprofit expects from a chapter). The controls would also require members/chapters not to change the mark, and to stop using the mark when member/chapter status is lost.

Third, the nonprofit should actively enforce the trademark terms of the bylaws and/or policy manual. (Note that, barring an instance of a nonprofit's members agreeing to be bound by the terms of a policy manual as a condition of membership, only a nonprofit's bylaws are contractually binding on members of the nonprofit – if the organization has *bona fide* members – so that if the provisions are included in a policy manual, you will want to cross-reference that fact in the bylaws. For non-membership nonprofits, there will need to be some affirmative agreement to the terms and conditions, such as an online click-and-accept feature.)

As a final point, it is important to note that the trademark owner in *Freecycle* alleged that a 1993 case called *Birthright*² stood for the principle that loosely organized nonprofits, which share "the common goals of a public service organization," should be subject to less stringent quality control requirements. The court in *Freecycle* said that even if it were to apply a less stringent standard, the trademark owner in *Freecycle* would not meet the lower standard (and that even a lower standard would still require some monitoring and control, consistent with *Birthright*). The court did not take the chance to say whether the "less stringent" requirements should still apply to nonprofits in today's world, though the court seemed skeptical.

We would expect a modern court that takes a position on the *Birthright* issue will say the "less stringent" requirements for quality control do not apply to nonprofits in today's world – especially nonprofits without charitable missions. The party in *Birthright* provided charitable, emergency services for women with crisis pregnancies. Many nonprofits today are not focused on charity but are more like businesses. Many nonprofits today have the size, professional staff, and resources to manage their trademarks like any for-profit company. Thus, nonprofits today should be prepared to be viewed like for-profit companies for trademark law purposes.

Even if nonprofits happen to be subject to "less stringent" requirements, they should be prepared to face aggressive adversaries in trademark disputes. Thus nonprofits should rise to meet basic quality control requirements by establishing control in writing, exercising actual control, and not relying on members to control themselves. In any case, it may help nonprofits to treat certain marks as collective membership marks and take appropriate steps to ensure the marks are treated that way by consumers, the USPTO, and courts – or risk getting caught engaged in naked licensing.

* * * * *

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This article is not intended to provide legal advice or opinion and should not be relied on as such. Legal advice can only be provided in response to a specific fact situation.

¹ *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509 (9th Cir. 2010).

² *Birthright v. Birthright Inc.*, 827 F.Supp. 1114 (D.N.J. 1993).



Best Licensing Practices on Exclusivity, Sublicensing and Termination

by John A. Gliedman



Exclusivity, sublicensing and termination are three concepts that are fundamental in the negotiation and drafting phases of a license agreement.

These concepts can open or close potential future revenue streams

Continued on page 11

The Madrid Protocol: King of the Road, or Hit the Road, Jack?

by Andrew D. Price



Those familiar with the Madrid Protocol know that it may reduce the cost of protecting trademarks in foreign countries. Available to U.S. parties since November 2, 2003, the Protocol can create a “one stop shop” for international trademark protection. Then again, sometimes it

does not.

There are circumstances that weigh in favor of selecting the Protocol, with its initial cost savings, over national applications:

1. Did the United States Patent and Trademark Office (“USPTO”) approve your identification of goods/services? If so, would it be sufficiently broad to meet your needs in foreign countries?

Continued on page 2

Announcing In-Use Information and Web Common Law

See page 5.

In This Issue

- 3 SAEGIS™ Custom Search: Advanced Tips & Tricks
- 5 International News
- 5 Product Update: Web Common Law and In-Use Information
- 6 Product Update: Dun & Bradstreet Business Information Reports
- 7 Laws & Litigation
- 10 SAEGIS™ Update
- 12 USPTO Trademark Filing Rates Rise 5% in 2003
- 13 SAEGIS™ Training
- 14 Product Update: Announcing TRADEMARKSCAN® Coverage of Ireland and Lithuania

An application under the Madrid Protocol based on a U.S. application/registration must cover goods/services that are (a) identified in a manner that the USPTO accepts; and, with few exceptions, (b) ultimately used in the United States with the mark. If your USPTO-accepted identification meets your needs in foreign countries, it can weigh in favor of selecting the Protocol.

2. Is your mark arbitrary or fanciful? If not, have you already registered it in a so-called "Commonwealth" country based on inherent distinctiveness?

If the answer to either question is "yes," you are more likely to avoid descriptiveness refusals in foreign countries. If a mark is suggestive by U.S. standards, foreign countries could still refuse it based on descriptiveness. Said another way, a registration on the Principal Register of the USPTO is not a guarantee that the mark will be sufficiently strong elsewhere. Commonwealth countries (e.g. the United Kingdom, Canada, Australia, and Hong Kong) have some of the most stringent standards, so they can be a good barometer. If your mark is on the borderline of being strong, you may need to change it for registration purposes on a country-by-country basis. But that could require adding a distinctive element that might not be required in the United States, and the Protocol does not permit alteration of a mark once filed. If you expect to be able to avoid a descriptiveness refusal, therefore, it can weigh in favor of selecting the Protocol.

3. Do you own an incontestable U.S. registration for the mark?

Protection achieved under the Madrid Protocol is vulnerable to "central attack" of the underlying U.S. application/registration for five years from the date of international registration. If the

underlying application/registration is successfully challenged during that time, protection in other countries could be lost. To avoid loss, the international registration can be "transformed" into individual country applications/registrations. But transformation can be expensive. An incontestable U.S. registration is less vulnerable to central attack. So, if you own one, it can weigh in favor of selecting the Protocol.

4. Has your mark remained unchanged for several years? If so, do you want to register it in the same form in all countries?

Marks registered under the Protocol may not be amended once filed. Moreover, a Protocol application may only cover one version of the mark. So, for example, an applicant under the Protocol may not cover a translation or transliteration of a mark in place of, or in addition to, the mark as filed. If you answer "yes" to both of the above questions, it can weigh in favor of selecting the Protocol.

5. Do you want to register the mark primarily in countries that do not refuse registration based on likelihood of confusion, or have you cleared the mark in your countries of interest through searching?

If you are focused on such countries (e.g., France, Germany, Italy, and the Benelux countries of Belgium, the Netherlands, and Luxembourg), or you have cleared the mark, you may be able to avoid Office Actions and preserve the initial cost savings of the Protocol. Much of that savings is due to avoiding the need for foreign associates to file applications. If associates are needed under the Protocol because Office Actions issue, it can cost as much to engage them at that time as upon application filing; this can surrender any initial savings. So, if you expect to

avoid Office Actions, it can weigh in favor of selecting the Protocol.

6. Could you afford to wait up to eighteen months before the first Office Action issues?

Time until the first Office Action is an indication of the speed of the registration process. Under the Protocol, foreign countries are not required to issue first Office Actions for eighteen months. This means a country that issues Actions in just a few months for national applications (e.g. the United Kingdom), is technically permitted to take much longer under the Protocol. Owners of U.S. applications/registrations

Continued on page 4

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are accustomed to receiving first Office Actions in four-to-six months. If you can afford to wait much longer, however, this can weigh in favor of selecting the Protocol.

7. Do you want to register the mark in Europe but are mostly interested in countries that do not participate in the European Community?

Remember that Switzerland and some other important European countries (e.g. Liechtenstein, Norway, and Iceland) are not currently members of the European Community. These countries will still not become members when the Community is enlarged on May 1, 2004. If you are interested in such countries plus no more than three or four countries in the Community, it can weigh in favor of selecting the Protocol.

8. Do you own a USPTO application that is nearly six months old and want to obtain priority treatment under the Paris Convention, but lack an established network of foreign associates to file applications?

If you are in-house counsel and do not regularly work with associates in foreign countries, you may not have a network of associates that can file applications on short notice. If you cannot assemble such a network in time, but can navigate the USPTO procedures for filing under the Protocol, it can weigh in favor of selecting the Protocol.

The Advantages of National Applications

Then again, there are times to consider national applications instead of the Protocol:

1. Could you benefit from a broader identification of goods/services than the USPTO would allow?

The USPTO is notorious for requiring

narrowly tailored identifications of goods/services. Using national applications instead of U.S.-based Madrid applications could allow you to cover entire International Classes in certain countries (e.g., Russian Federation); or a whole subclass of goods/services in others (e.g., Japan). Moreover, national applications in most foreign countries do not require that a mark be used to obtain registration, unlike in the United States where the breadth of registration must generally not exceed breadth of use. If you need the broadest identification of goods/services, it can weigh against selecting the Protocol.

2. Is your mark inherently weak?

Marks that the USPTO registers on the Supplemental Register, or on the Principal Register based on acquired distinctiveness, are bound to be found descriptive in foreign countries. Madrid applications will fail in such cases. It may be that a weak mark could be altered in such a way that it is more likely to be registered abroad. Still, a new U.S. application or separate national applications would be required on a country-by-country basis if the party owns no U.S. application/registration for the altered

Continued on page 9

“Advanced Tips & Tricks” continued from page 3

arranged to retrieve any characters or to retrieve specific series of characters (alphabetic, numeric, vowels or consonants). The range is read from left to right as a “from-to” arrangement, preceded by the desired character substitution. For example:

QUERY	RETRIEVES	CHARACTER / RANGE
G{A1:2}TER	GASTER GETTER	A retrieves any letter 1:2 includes 1 or 2 letters
G{V1:2}TER	GAITER GATER	V retrieves vowels only 1:2 includes 1 or 2 letters
G{V}TER	GITER GATER	V retrieves vowels only V retrieves 1 vowel only
G{C0:1}TER	GTER GLTER	C retrieves consonants only 0:1 includes 0 or 1 consonant
G{?0:2}TER	G-TER GUSTER	? retrieves any character 0:1 includes 0 or 1 characters (may include punctuation)
GATER{D1:3}	GATER 123 GATER4	D retrieves any digit 1:3 includes 1, 2 or 3 digits
GATER{D2}	GATER 44 GATER 20	D retrieves any digit D2 retrieves 2 digits only

Note:

Plurals are not supported for queries containing pattern matching.

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mark in view of “3,” below. If your mark is weak, it can weigh against selecting the Protocol.

3. Is there a chance your mark will evolve over time?

Owners of U.S. applications/registrations may be accustomed to the USPTO rule allowing marks to be amended if it does not create a material alteration; however, this rule does not apply under the Protocol. Or, you may be familiar with the procedure in the United Kingdom permitting registration of two or more versions of the same mark in one application as a “series”; that rule does not apply under the Protocol either. Design marks and new marks are most likely to evolve over time. Therefore, if you wish to protect a mark that might evolve, it can weigh against selecting the Protocol.

4. Do your primary countries of interest participate in the Madrid Protocol and are most of them in Europe?

With the exception of the United States, no countries in the Americas (i.e., North, South, and Latin America) participate in the Madrid Protocol. Canada, then, is notably absent. Other key exceptions include Hong Kong, Taiwan, South Africa, Thailand, and India. Most European countries that participate are also members of the European Community, which can be a better choice if you are interested in more than a few European countries. If your primary countries of interest do not match up with the Protocol, it can weigh against selecting it.

5. Is there a chance your trademark rights will need to be assigned to a party not tied to a Madrid Protocol country?

To receive a registration under the Madrid Protocol, the assignee must either have a real and effective industrial

or commercial establishment in a country that participates in the Protocol, be a national of such a country, or be domiciled there. Additionally, it is risky if the assignee of a registration obtained through the Madrid Protocol leaves the underlying U.S. application/registration in the name of the assignor. Rights through the Protocol are lost if that party abandons the application, or fails to maintain the registration, within five years from the date of international registration. If you foresee assignment problems, it can weigh against selecting the Protocol.

6. Is the trademark registration on which the Madrid application would be based less than five years old, or is the mark not yet registered in the United States, and especially vulnerable?

Consider that certain types of applications/registrations are especially vulnerable to attack and are not the ideal bases for applications under the Madrid Protocol:

- A new application that it is less than eight months old is especially vulnerable. During this window, applications could be filed in the United States and claim priority treatment under the Paris Convention and/or, under the Madrid Protocol, request extension into the United States. Such applications could establish prior rights.
- An application filed on an intent-to-use basis is more vulnerable than one based on use. This is because the mark has not been exposed to the consumer marketplace and the intention to use the mark in the United States could be lost.
- A registration that is less than five years old can be vulnerable. This

can be true if the mark has not cleared a full search and does not have longstanding use, since the registration is not yet incontestable and the mark may not have had time to conflict with prior users in the marketplace.

If any of these three points describe your basic application/registration, it can weigh against selecting the Protocol.

Conclusion

While using the Madrid Protocol can create a “one stop shop” for international trademark protection, there are times to consider national applications instead. A trademark attorney who has studied the Madrid Protocol and filed applications using it can help balance interests and guide you to select the Protocol—or not—under the circumstances faced.

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