

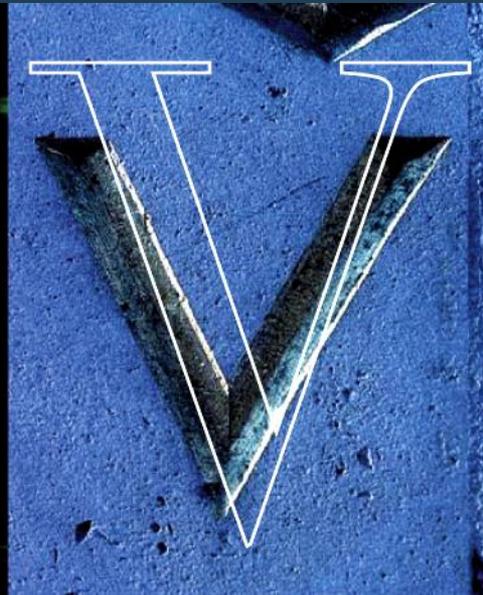
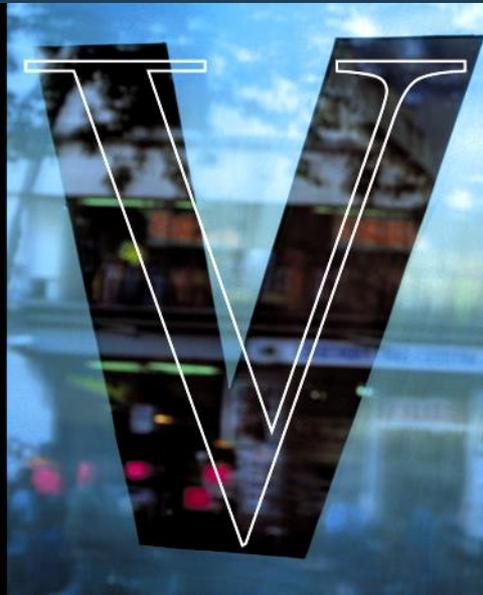
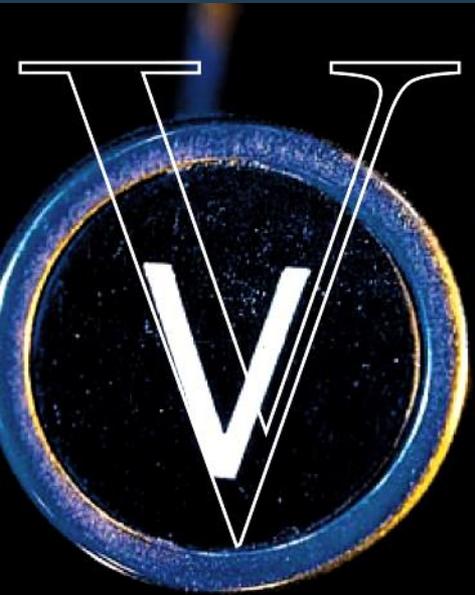
VENABLE[®] LLP

***Nonprofits and Intellectual Property:
What Every State Regulator
Needs to Know***

National Association of State Charity Officials – 2014 Annual Conference

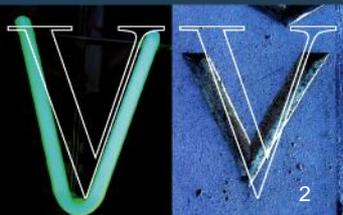
2:15 - 3:00 pm October 7, 2014

Hyatt Regency Washington, DC



Co-Presenters

- **Jeffrey S. Tenenbaum, Esq.**
Partner and Chair of the Nonprofit Organizations Practice, Venable LLP
- **Robert Carlson, Esq.**
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- **Armand J. Zottola, Esq.**
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Intellectual Property: The Basics



- **Copyright**
 - Protects creative expression fixed in any tangible or electronic medium, e.g., words, designs, audio visual content, music
 - Exclusive rights: reproduction, distribution, public display, and public performance
- **Trademark**
 - Trademarks protect against consumer confusion by protecting indicators of source, including company name, any logos, brands, product names, trade dress
- **Patent**
 - Protects inventive concepts
- **Trade secret**
 - Any formula, pattern, device, or information used in one's business that 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, or physical security)



Why Does IP Ownership Matter?

In general . . .

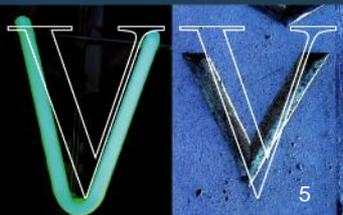
- Only an IP owner intrinsically has the right to stop others' unauthorized use of that IP.
- Only an IP owner has the right to profit from others' authorized use of that IP.
- Unauthorized use of IP can damage rights in the IP, particularly rights in trademarks.



Trademark Issues



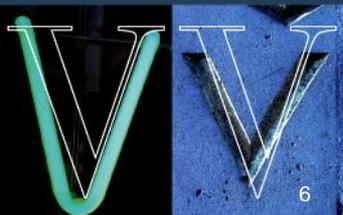
- **Trademark issues are always possible when using third-party marks.**
- **Safest course: Need permission. Even with domain names, user names, or (sometimes) search terms.**
- **Imposters: Unauthorized association, sponsorship, or endorsement.**
- **Fair use in trademark context is limited: For parody or descriptive or nominative use.**
- **Higher likelihood of an issue in commercial context. Commercial activities can include advertising, donation, membership, event, and program planning.**
- **Don't assume "Fair Use" because of nonprofit or tax-exempt status.**



Copyright Issues



- **Common with social media, which is essentially about content distribution and further communication and interaction between persons online.**
- **Legal framework**
 - Possible low level of creativity for copyright protection. May include a tweet.
 - Copyright protection is automatic upon creation.
- **Be mindful of copyright ownership.**
 - Who owns work on social media?
 - Work-made-for-hire doctrine, written assignments of rights.
- **Will the Digital Millennium Copyright Act protect you? Sec. 512(c) Safe Harbor Provision.**
 - Optional “safe harbor” for online service providers engaged in storage at the direction of a user.
 - Must have: repeat infringer policy; no actual or “red flag” knowledge, or if knowledge, expeditious removal; no direct financial benefit + right and ability to control; takedown response; registered DMCA agent.



The Quiet Rights: Publicity and Invasion of Privacy

- Individual-by-state right in name, voice, or likeness.
- **Publicity: celebrities/privacy: the “hoi polloi.”** Stronger in states with larger entertainment industry.
- Triggered by commercial use, broadly interpreted.
- Applies to uses on social media.
- Layered underneath copyright protection.
- Always get written releases from photo subjects, even if you have copyright permission to use the photo.



Other Proprietary Rights. Data?

- **Data has value, but less IP protection.**
- **Data may qualify as a trade secret. Certain compilations/databases may qualify for copyright protection.**
- **Confirm ownership of data.**
- **Individual consent or permission requirement.**
 - **Failure to comply with applicable data privacy regulations creates liability.**
- **Consider manner of use of data. Some prohibitions.**



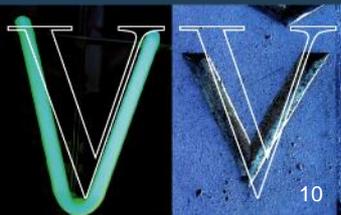
Obtaining Ownership of IP

- **General rule: Requires assignment of ownership in writing.**
- **General exception: Organizations own IP created by their employees, but not their contractors.**
 - **BUT, employment status is not always clear and must be within the scope of employment.**
- **Fix: All independent contractors and volunteers should sign a written work-made-for-hire agreement and copyright assignment.**
- **A “work-made-for-hire” is a work [that fits into one of nine enumerated categories and]...“if the parties expressly agree in...[writing] that the work shall be considered a work-made-for-hire.”**



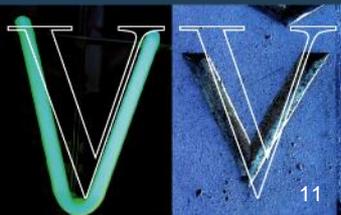
Protecting IP on Social Media

- **To protect—register, register, and register (IP, Search, and Account).**
- **Requires monitoring and enforcement of rights via policy statements, take-down requests, demand letters, and legal proceedings.**
- **Advisable to balance IP protection with reputation protection. Many times, it's an innocent infringer.**
- **Consider appropriate use of symbols.**
 - ©, ®, ™



Don't Forget the Agreements

- **What should be reviewed or considered?**
 - **Technology agreements, including online terms**
 - **Licenses, development, manufacturing, distribution, reseller, independent software vendor (ISV), original equipment manufacturers (OEM), and terms of use or service**
 - **Nondisclosure agreements**
 - **Employee/consulting/contractor agreements**
 - **Source code escrows**
 - **Service agreements**
 - **Security interests**
- **What should be done:**
 - **Review wording regarding IP creation, usage, and preservation/reservation.**
 - **Review legal filings regarding liens and security interests.**



Thank you!

