



Training Academy Session #8

Trademarks, Copyrights, Trade Secrets

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Session Overview

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1. Defining and distinguishing trademarks, copyrights, and trade secrets

- Patents, trademarks, copyrights, and trade secrets are all intellectual property with different and sometimes overlapping protections
 - Patents are the opposite of trade secrets – disclosing to the public inventions to secure for a limited time the exclusive rights to the claimed subject matter
 - Trade secrets are defined by secrecy, *i.e.*, non-disclosure, of information that has value to those holding the secret (or stealing it)

1. Defining and distinguishing trademarks, copyrights, and trade secrets

- Trademarks are source identifiers for products and services that serve to advise the public of the quality of the goods and services
- Copyrights are constitutionally derived rights to original works of authorship
 - To promote the Progress of **Science** and useful **Arts**, by securing for limited times to **Authors** and **Inventors** the exclusive Right to their respective **Writings** and **Discoveries** (Art. I, Sec. 8, Cl. 8)

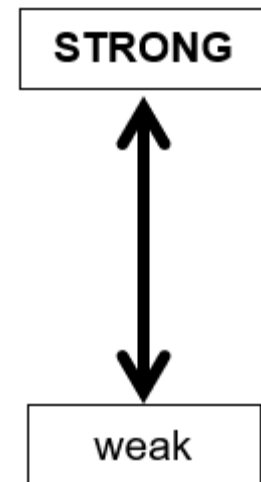
2. Types of Protection - Trademarks

A Trademark is a Source Identifier

- Distinguishes the sources of goods and services
- Part of the law of unfair competition
- Not a verb

Strength of Marks

- Fanciful
- Arbitrary
- Suggestive
- Merely descriptive
 - Acquired distinctiveness/Secondary meaning
- Generic or Functional



2. Types of Protection - Trademarks

Trade Dress

- Product Packaging
 - Container for goods
 - Motif of business premises
 - May be *inherently distinctive*
- Product Configuration
 - Product design
 - Cannot be functional product feature
 - Product color
 - Requires *acquired distinctiveness, a/k/a secondary meaning*

2. Types of Protection - Trademarks

Trademark Use

- In U.S. rights are use-based
 - No use, no rights
 - *Exception* - Intent-to-Use federal trademark application

Registration

- Registration is not necessary, but gives mark owner additional rights
- Federal Registration vs. State Registration
- Federal "Intent-to-Use" trademark applications

2. Types of Protection - Trademark

Duration of Protection

- Perpetual – A trademark is protected as long as it is being used in connection with goods or services.
- Abandonment – When use of the trademark is discontinued, with an intention not to resume use of the trademark.
- Nonuse for 3 consecutive years is *prima facie* evidence of abandonment.
- Genericization and uncontrolled licensing.

3. Types of Protection - Copyright

What does Copyright law protect?

Original Works of Authorship

Fixed in any Tangible Medium of Expression

- Must be original
- Protects expression - Not ideas
- Fixed in any tangible medium of expression
- Works of Authorship
 - Books, movies, songs, websites, computer programs, etc.

Copyright does **NOT** protect an idea, procedure, process, system, method of operation, concept, principle, or discovery

3. Types of Protection - Copyright

- **Rights** vest with author immediately upon creation
 - "When pen lifts from paper"
- Unregistered works may be protected
- Registration gives added protection

Notice

- Recommended but not required.

- © Copyright, 2022, Panitch Schwarze Belisario & Nadel LLP

3. Types of Protection - Copyright

Exclusive Rights

- **Reproduce** protected work
- Prepare **derivative works** based on original
 - A “derivative work” is a work based upon one or more preexisting works, such as a translation, dramatization, motion picture version, abridgment, condensation, etc.
- **Distribute** copies of protected work
- **Perform** protected work publicly
- **Display** protected work publicly

3. Types of Protection - Copyright

Duration of Protection

(Works created after January 1, 1978)

- In General - life of the author and 70 years after the author's death
- Joint Works - life of the last surviving author and 70 years after such last surviving author's death
- Works Made for Hire - 95 years from the year of its first publication, or 120 years from the year of its creation, whichever expires first

3. Types of Protection - Copyright

Infringement

- Violation of any of the **Exclusive Rights**
 - **Ownership** - shown by registration
 - **Copying** - shown by *access* and *substantial similarity*

Remedies

- Injunctions
- Actual damages and profits
- Statutory Damages
 - With respect to any one work, not less than \$750 or more than \$30,000, as the court considers just
- Attorney's fees and costs

4. Trademark searches

- Conduct a trademark search to confirm your proposed trademark is eligible for you to use and register.
 - Primary function is to confirm that no one else is already using the same or similar trademark on or in connection with the same or related goods and services.
 - Provides insight into whether there are any other likely impediments to registration.

4. Trademark searches

- Levels of searching:
 - **KNOCK OUT**
 - Usually involves looking in the records of the USPTO
 - **PRELIMINARY**
 - Usually involves looking in the records of the USPTO and all 50 state trademark registries, conducting an Internet search
 - **COMPREHENSIVE**
 - Usually involves looking in the records of the USPTO and all 50 state trademark registries, conducting an Internet search, reviewing domain name registrations, business name registrations, and other common law references

5. Trademark application process

- Two levels of applications: STATE and FEDERAL
- Applications for federal registration are submitted to the United States Patent & Trademark Office, or USPTO
- Eligibility requirements:
 - The mark is distinctive, and
 - The mark is used in interstate commerce, or the owner has a bona fide intent to use the mark in commerce

5. Trademark application process

- Parts of an Application:
 - Owner Name, Legal Entity Status, and Address
 - The Trademark
 - Filing Basis
 - Description of the Goods and Services
 - International Classification
 - Dates of Use, if applicable
 - Specimen of Use, if applicable
 - Signature
 - Filing Fee
 - US attorney, for foreign applicants

5. Trademark application process

- Filing Basis, one or more of the following:
 - Use in Commerce (Section 1(a) of the Trademark Act)
 - Intent to Use in Commerce (Section 1(b) of the Trademark Act)
 - Foreign Application (Section 44(d)) or Registration (Section 44(e))
 - Madrid Protocol, or Extension of Protection of an International Registration (Section 66(d) of the Trademark Act) [cannot combine]
- Registration Basis: Section 1(a), Section 44(e), and Section 66(a)

5. Trademark application process

- Description (or Identification) of Goods and Services and International Classifications
 - There are 45 international classifications of goods and services recognized by the USPTO and other foreign registries
 - Classes 1-34 cover goods, Classes 35-45 cover services
 - Need to identify the goods/services with specificity, using common terms

5. Trademark application process

- Dates of Use
 - If you intend to rely on a Section 1(a) registration basis, your application must include the following:
 - The date of first use of the mark on the identified goods/services, anywhere in the world; and
 - The date of first use of the mark on the identified goods/services, in interstate commerce in the USA.
 - If you intend to rely on a Section 44(e) or 66(a) registration basis, the USPTO does not require dates of use

5. Trademark application process

- Specimens of Use
 - Generally, you must submit 1 specimen for each class of goods/services
 - If a class includes multiple items, only 1 specimen for any 1 item is required
 - Specimen must be a real-life example demonstrating how the trademark is used on the actual goods as offered for sale, or in promotional materials for the services

5. Trademark application process

- Examples of acceptable specimens of use

Goods	Services
Photograph of the mark stamped on the actual product	Website printout showing the mark and referencing the services
Copy of Instruction Manual	Brochures
Catalog page showing the mark next to an image of the product, with info on how to order the product	Newspaper advertisements

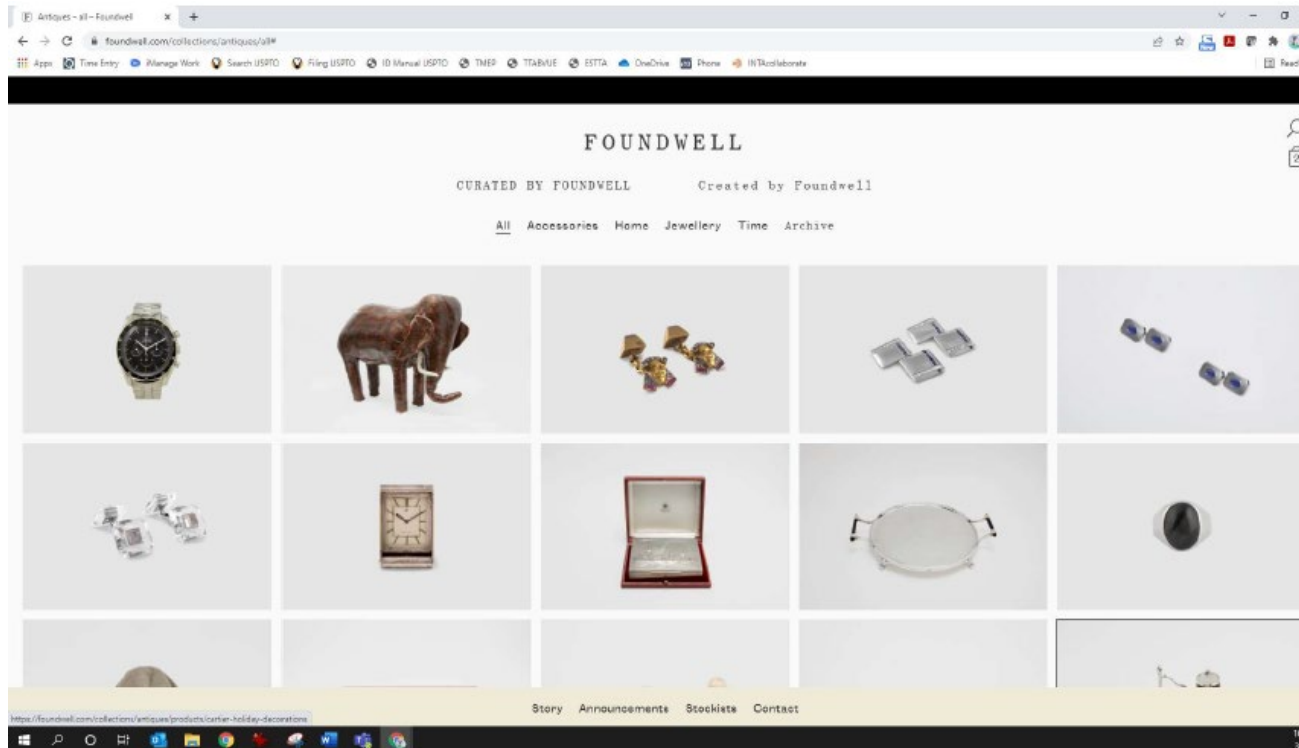
5. Trademark application process

- Examples of acceptable specimens of use



5. Trademark application process

- Examples of acceptable specimens of use



5. Trademark application process

- Examples of items not acceptable as specimens of use

Goods	Services
Invoices, bills of lading	Mock ups of advertisements
Advertisements, press releases	Anything saying “coming soon”
Mock ups of labels or hang tags, or anything that looks fake or digitally altered	Digital images, or anything that looks fake or digitally altered

5. Trademark application process

- Process:
 - Prepare, sign, and file the application
 - The application will be assigned to a Trademark Examining Attorney (Examiner) at the USPTO in approx. 4-9 months
 - In many cases, the Examiner will issue an Office Action, or provisional refusal of the application
 - Applicant has 6 months to respond to the Office Action

5. Trademark application process

- Process
 - After examination, most applications are published for opposition purposes
 - **Published in the USPTO's Official Gazette for a 30-day period.**
 - After publication, any application filed under a Section 1(b) basis will be issued a Notice of Allowance. The Applicant will then have 6 months to file a Statement of Use, or secure an extension of time to file the Statement of Use.
 - After publication and allowance, if applicable, the USPTO will issue a registration certificate.

5. Trademark application process

- Office Actions
 - The Examiner will note any irregularities with the application that must be corrected before the application will be approved for publication
 - The irregularities might be **informalities** that are relatively easy to correct: amendments to the identification of goods, or a disclaimer of a descriptive term
 - The irregularities might be **substantive** and require a well thought-out and researched legal response: likelihood of confusion with a prior application or registration, descriptiveness, or surname refusal

5. Trademark application process

- Office Actions
 - In some cases, the Examiner will issue a Second Office Action
 - Applicant will again have 6 months to respond to the Office Action
 - If the issues raised in the First Office Action are not fully resolved, the Second Office Action might be made *FINAL*, giving the Applicant one more chance to resolve the issues
 - If an Applicant cannot fully resolve all the issues raised in the Office Action(s), the application will be abandoned

5. Trademark application process

- *Ex Parte* Appeals

- When filing a response to a Final Office Action, referred to as a Request for Reconsideration, an Applicant has the option to file a Notice of Appeal with the USPTO's Trademark Trial and Appeal Board
- The Board has the authority to overturn the Examiner's final decision
- During an *ex parte* appeal, the Board only considers all evidence and arguments previously presented by the Applicant to the Examiner
- If the Board rules in favor of the Examiner, the application is finally refused and the Applicant might be precluded from refileing
- If the Board rules in favor the Applicant, the application will proceed to registration

5. Trademark application process

- *Oppositions*

- During the publication period, any third party who believes it will be damaged by registration of the applied-for mark can file a Notice of Opposition with the Board.
- The Board has the authority to refuse registration of the applied-for mark
- An Opposition is conducted similarly to litigation: there is a complaint, answer, discovery and trial period
- If the Board rules in favor of the Opposer, the application is finally refused and the Applicant might be precluded from refileing
- If the Board rules in favor the Applicant, the application will proceed to registration

5. Trademark Registrations

- Trademark registrations can be maintained indefinitely, for so long as the owner continues to use the mark to sell and promote its goods/services
- Between the 5th and 6th year after registration, every owner must file a Declaration of Use with the USPTO. If the registration basis was Section 44(e) or 66(a), this is the first time the owner must demonstrate use of its mark in commerce in the USA
- Every 10 years after registration, every owner must file a Declaration of use with the USPTO.

6. Trademark enforcement and tips

Trademark Trial and Appeal Board (TTAB)

- TTAB does not have jurisdiction over use.
- TTAB decides disputes re: what marks can be registered at USPTO.
 - Opposition
 - Cancellation
- Remedies – Refusal to register, or Cancellation of registration.
- New as of 2021: Expungement and Reexamination.

6. Trademark enforcement and tips

Trademark Trial and Appeal Board

- Similar to federal court litigation.
- Federal Rules of Civil Procedure and Evidence Apply.
- Trademark Board Manual of Procedure (TBMP)
- *B&B Hardware Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293 (2015)
 - The Supreme Court held that *issue preclusion* applies to holdings of the TTAB where the ordinary elements of issue preclusion are satisfied.

6. Trademark enforcement and tips

- Trademark enforcement in the district courts arises from the rights of action in the Lanham Act, 15 U.S.C. §§ 1114, 1116-1118, 1125 and state law
 - Actions may be brought in state or federal court (more typically in the latter)
 - Trademark infringement in the unauthorized use of a trademark or service mark on or in connection with goods and/or services in a manner that is likely to cause confusion, deception or mistake about the source of the goods and/or services

6. Trademark enforcement and tips

- Remedies
 - Injunctive relief – barring the use and requiring pulling product from the market
 - Destruction or forfeiture of the infringing articles
 - Damages, including defendant's profits, plaintiff's losses, and costs
 - In extraordinary cases, attorneys' fees

6. Trademark enforcement and tips

- How to be ready?
 - Proofs of ownership of the mark
 - Legal presumption of ownership and validity of the mark vest with a federal registration
 - Proofs of the nature of the mark – generic, descriptive, suggestive, or arbitrary/fanciful
 - Proofs of actual and/or likelihood of confusion
 - Surveys and studies demonstrating the belief that the products are from a common source
 - Surveys of secondary meaning
 - Experts on package design in a proper case

6. Trademark enforcement and tips

- How to be ready?
 - Proofs of the market conditions on the use of the mark by the owner and the alleged infringer
 - Evidence of copying
 - Proofs of damages

6. Copyright enforcement and tips

- District court litigation
 - Copyright law preempts state law on copyrights
 - Copyright laws provide a private right of action for copyright infringement (17 U.S.C. § 501)
 - Must show that you are the legal or beneficial owner
 - Must show that preregistration or registration of the copyright has been made (§ 411) to maintain a civil action (subject to exception)
 - Must provide proof of infringement

6. Copyright enforcement and tips

- Remedies for copyright infringement
 - Injunctive relief (§ 502)
 - Impounding and disposition/destruction of infringing articles (§ 503)
 - Damages (§ 504)
 - Actual damages to copyright owner and disgorgement of profits of defendant
 - Rebuttable presumption that all revenues from sale of copyrighted articles are defendant's profits
 - Statutory damages
 - \$750 to \$30,000 per infringement of one work
 - Possible willfulness damages of not more than \$150,000
 - Attorneys' fees (§ 505)

7. Trade secrets

- Importance to Business
- Difference from Other IP
- What is a trade secret?
- How are trade secrets protected?

7. Trade secrets – Why?

- Billions of dollars in losses to holders of trade secrets
- Patchwork protections in the US vary by state
- Protections worldwide depend on national law – consult with local counsel in your country
- Remedies, including seizures and injunctions, also vary
- Federal law provides some consistency

7. Trade secrets – legal bases

Prior patchwork

- Federal civil law, including ITC actions
- Federal criminal law (18 USC §1831)
- Uniform Trade Secrets Act (adopted by 47 states and DC)
- Unfair competition statutes (state and Federal)
- Common law trade secret misappropriation and unfair competition
- Restatement (First) of Torts § 757

7. Trade secrets – legal bases

- Defend Trade Secrets Act (DTSA) –18 USC § 1836
 - Creates civil action and original jurisdiction in Federal courts for misappropriation of trade secrets
 - Creates *ex parte* seizure order remedy
 - Creates a remedy for damages for a wrongful seizure
 - Allows (1) injunction, (2) damages awards, (3) exemplary damages, (4) attorneys fees to the prevailing party in special circumstances

7. Trade secrets – legal bases

- DTSA Civil Action, 18 USC § 1836(b)(1)
 - “An owner of a trade secret that is misappropriated may bring a civil action under this subsection if the trade secret is related to a product or service used in, or intended for use in, interstate or foreign commerce.”

7. Trade secrets – Definition

- “[A]ll forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if:
 - (A) the owner thereof has taken **reasonable measures to keep such information secret** and
 - (B) the information derives **independent economic value**, actual or potential, from **not being generally known** to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information”
 - 18 U.S.C. § 1839(3)

7. Trade secrets – Examples

- The “secret formula” to Coca-Cola
- An internal annealing process for the manufacture of tires
- A customer list
- Software source code

7. Trade secrets – Examples

- Employment agreements with confidentiality provisions
- Confidentiality agreements
- Password encoded or other limited access
- Physical barriers to access
- Don't talk about it or publish it

7. Trade secrets – Misappropriation

- Acquisition through improper means; or
- Disclosure or use without express or implied consent by a person who
 - Used **improper means to acquire** knowledge
 - **Knew** or had reason to know trade secret was derived or **acquired under circumstances requiring secrecy** or from a person required to maintain its secrecy
 - Before a material change in position, knew or had reason to know that it was a **trade secret** and had been acquired by mistake or accident

7. Trade secrets – Misappropriation

- Defining the trade secret
- Maintaining secrecy
- Meeting the standard for seizure
- Calculating economic loss
- Calculating unjust enrichment
- Obtaining evidence of trade secret theft
- Determining when punitive damages are appropriate

7. Trade secrets – Examples of misappropriation

- Foreign company steals technology for the manufacture of railway wheels – proof forms the basis for an exclusion order (*TianRui Group Co. v. ITC*, 661 F.3d 1322 (Fed. Cir. 2011))
- Health record software company battles competitor that downloaded trade secret information concerning its software – results in \$240 million damages and \$700 million punitive award reduced to \$140 million and punitive award vacated pending further action by DCT (*Epic Sys. v. Tata Consultancy Servs.*, 980 F. 3d 1117 (7th Cir. 2020))

7. Trade secrets – Damages

- Typical measures of damages
 - Plaintiff's losses
 - Lost market share
 - Price diminution
 - Defendant's gains
 - Head-start on development
 - Defendant's profits from sales of products/services derived from the trade secrets
- Generally subject of expert analysis looking at the market and subjecting it to “but-for” reconstruction

Speakers



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