



Intellectual Property Basics for Nonprofits

June 14, 2022

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Disclaimer

Today's presentation is informational only and is not intended to constitute legal advice. Please consult with counsel for legal advice pertinent to your organization.



Overview

- What is Intellectual Property?
- Trademarks
- Copyrights
- Trade Secrets
- Patents



What is Intellectual Property?



What is intellectual property?

- Intellectual Property: Intangible assets owned and legally protected by a company or individual from outside use or implementation without the owner's consent
 - The same product or idea can be protected by multiple forms of intellectual property, or “IP”
 - The forms of IP we will be discussing today are: trademarks, copyrights, trade secrets and patents



What is intellectual property?

- Does my organization have intellectual property?
 - Your organization could have the following forms of IP:
 - Trademarks in the name of the organization or names of any goods or services offered in commerce
 - Copyrights in curricula, original photography or art
 - A non-obvious and novel invention that may be patentable
 - Trade secret rights in donor lists that are kept confidential



Trademarks



What are trademarks?

- A trademark is a word, short phrase, or logo that designates the source of goods or services in the minds of consumers
 - In other words: when a consumer sees a trademark, they think of the company that is the source of the goods or services
- A trademark must be specific to a class or classes of goods and services
 - e.g.: Apple has trademarked the word “APPLE” for technology products, but does not own the word APPLE to designate fruit



What can be a trademark?

- Generic and merely descriptive terms generally cannot be trademarks; e.g., you cannot trademark the word “apple” for apples as that is descriptive of the goods
- Exception: Descriptive terms can be trademarks if they acquire “secondary meaning”
 - i.e., if they become well-known over a period of time as designating the source of goods or services
 - e.g., American Airlines



What can be a trademark?

- If a term is suggestive, arbitrary, or fanciful, then it may be a trademark
 - For example, “cola” is generic/descriptive, whereas “Pepsi” is arbitrary/fanciful
- Things you *may* be able to trademark:
 - Organization’s name
 - Annual/ongoing programs/events
 - Name of a products (within your charitable mission)



What does trademark protection provide?

- The right to prevent others from using the trademark in ways that are likely to (1) confuse the public about the origin of the goods or services sold under the trademark or (2) dilute the distinctive quality of the mark
- Trademarks are granted for particular geographic areas for a particular class of goods and/or services



Trademark default rules

- **General rule:** Once you begin using a trademark in commerce, if you are the first entity in a particular geographic area using that trademark in commerce to designate a particular class of goods and services, then you are considered the owner of that trademark in that geographic area (subject to limitations -- you should consult an attorney with any questions)
- If you do not seek a state or federal trademark registration for that trademark, then it is considered a “**common law trademark**”



Trademark clearance

- Before using a trademark you should make sure that the trademark is available and is not being used by anyone else for the same class of goods and/or services
- Otherwise, your use of the trademark may constitute infringement
 - Refrain from using government logos
- Note: this is not the same as business name clearance



Trademark clearance

- "Knock-out" Search:
 - USPTO [website](#)
 - Internet search engines (will also uncover common law trademarks)
- Full trademark clearance search
 - Third party vendor (\$650-700)
 - Not legally required, but a court may make negative inferences if not conducted



When should a nonprofit seek a trademark registration?

- You may wonder why you should bother applying for a trademark registration if you may already own it as a “common law trademark” automatically
- Obtaining a federal trademark registration helps to protect your trademarks as it is proof of presumed ownership; after five years your trademark is presumed to be valid, i.e. more difficult for others to argue that they were using it first and are the true owner
- Puts the public on notice that you own the trademark and extends the geographic reach to the entire US
- Provides enhanced statutory damages against counterfeiters and infringers



Trademark registration

- Always seek advice from counsel when registering a trademark
 - Trademark registration is a technical process that is reviewed by an examiner at the USPTO
 - Not a "rubber stamp" process like copyright



Trademark registration

- The current fee to register a trademark is \$250-\$350 per class of goods or services.
 - For example: if you plan to use your trademark both to provide a written curriculum and on t-shirts, the registration fee would be \$500-\$700, because you would need to register in two different classes (one for t-shirts, one for curricula)
- Can take 12-18 months



Trademark registration

- An application for a trademark registration must demonstrate actual use of the trademark in connection with the goods and services
 - In other words, you have to already be using the trademark for the specified goods/services before you apply for a trademark registration
- If you do not plan to begin using the trademark in question for a period of time, you may apply for a federal “intent-to-use” trademark registration, but this can be slightly more complicated and costly



Trademark symbols

- **The TM symbol:** you can add this symbol to a trademark if you have a good faith basis for claiming trademark rights, regardless of whether that trademark is registered (e.g., common law trademarks)
- **The [®] symbol:** you can only use this symbol if the trademark is registered



Trademark licensing

- Trademarks can be licensed to others
 - Allows others to use your trademarks or allows you to use trademarks owned by others
 - e.g., sponsors at an event you are hosting; cross promotional project with another nonprofit
- Terms of a license should be memorialized in an agreement



Trademark licensing

- Naked Licensing:
 - Occurs when a trademark owner allows a third party to use its trademarks without sufficient control
 - This can result in abandonment of the trademark
 - i.e., the trademark owner loses all rights in the trademark
- Avoid naked licensing by:
 - Establishing control in writing
 - Exercising actual control
 - Not relying on others to control themselves



Best practices for choosing and protecting your trademarks

- Conduct a trademark clearance search prior to choosing a trademark
- Consider applying for a federal trademark registration and consult with counsel for assistance
- Use your trademark consistently, including color schemes
- Occasionally search the web and USPTO website to ensure no third parties are infringing your trademark
 - Contact counsel if you believe someone is infringing your marks
 - You may lose trademark protection if you fail to police infringing uses
- Use the TM or [®] symbols, as applicable



Copyrights



What are copyrights?

- Copyrights protect original works of expression that are fixed in a tangible medium
- Note that *ideas* are not copyrightable, only actual *expression* of ideas -- it's the creative aspects of a work that are what is protected
- Facts are not copyrightable
- “Public domain” refers to works that are no longer, or never were, protected by copyright and can be used by anyone



Examples of copyrightable works

- Curricula, course books and other literary works (novels, essays)
- Musical works (sheet music)
- Dramatic works (plays, films)
- Choreographic works (dances)
- Pictorial, graphic and sculptural works
- Website designs and graphics
- Sound recordings
- Software source code



Copyrights

- Curriculum materials
 - Created by employees or third parties?
 - Incorporation of pre-existing materials or third-party IP
- Choreography
 - Must be videotaped to be protectable



What does copyright protection provide?

- Copyright owners have the exclusive rights to:
 - Reproduce the work (make copies)
 - Create derivative works (modify it)
 - Distribute copies of the work to the public
 - Perform or publicly display the work
- Any of these rights can be given by the copyright owner to someone else, either by a license or assignment



Copyright default rules

- **General rule:** a person who creates the work owns the copyright
- Multiple independent creators can each own their own copyrights
- Copyright ownership is conferred regardless of federal copyright registration
 - In other words, the creator owns the copyright in their original works regardless of applying for a federal copyright
- **Exception:** the copyright for a “work made for hire” is owned by the employer who commissioned it
 - For example, a nonprofit owns the curriculum that it asked its employee to create
 - Work made for hire is a matter of a Federal statute and all the statutory conditions must be met for it to apply



Copyrights – multiple owners

- A joint work is a work prepared by two or more creators with the intent that their contributions be combined into inseparable or interdependent parts of a whole
- Joint owners can independently exploit the work without consent of the other owners, but in the US must account to the other joint owners for such exploitation



Copyright work-for-hire

- **General rule:** employers automatically own copyrightable materials that are created by employees within the scope of their employment
- **But** if you hire an independent contractor to create intellectual property for you, then this is not generally a “work-for-hire”, meaning that the independent contractor would be the default owner
 - Instead, organizations must create an obligation of the contractor to assign IP rights via a written contract
- Simply calling something “work for hire” does not make it one
- Organizations should contact counsel for assistance in drafting or reviewing an independent contractor agreement where intellectual property is involved



When should a nonprofit seek a copyright registration?

- Registration is not required
 - Protection is automatic
- Benefits of federal registration:
 - Required to sue for copyright infringement
 - Required to recover statutory damages
 - Up to \$150,000 per registration (not per infringement) and attorneys' fees
 - Creates an official record and provides a mechanism to ensure each version of a work is inventoried/stored for potential later use
 - Puts the public on notice that you are the owner of the copyright



Copyright registration

- Most copyright registrations must be filed electronically at www.copyright.gov
- The current fee for a basic electronic registration for a single author is \$45
- The term of copyright for a particular work depends on several factors, including whether it has been published, and, if so, the date of first publication
- As a general rule, for works created after January 1, 1978, copyright protection lasts for the life of the author plus an additional 70 years
- For an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication or a term of 120 years from the year of its creation, whichever expires first
- For works first published prior to 1978, the term will vary depending on several factors (consult an attorney)



Copyright licensing

- Copyrights can also be licensed to others
 - Allows others to use your copyrighted materials and vice versa
 - e.g., providing your curriculum to other nonprofits who want to provide similar programming; obtaining the rights to put on a copyrighted play with student participants
- Terms of a copyright license should be memorialized in an agreement



Copyright case example

- A nonprofit puts on a program where students come together to write poetry. Employees guide the students and help them work on creating a poem that they will present at the end of the program. The students' poems, along with some poems created by the employees are then put into a printed collection of poetry that is distributed by the nonprofit.

Who owns the copyright to the poems?

- Unless there is a written contract, the nonprofit will own any poems created by its employees but not the students
- The nonprofit will need permission from students to publish their poems (either individually or together in the collection)
- If the students are under the age of 18, a parent or guardian's permission and signature should be obtained



Fair Use

- “Fair Use” is a statutory defense under US copyright law that provides a defense to a claim of infringement for certain limited uses of copyrighted material
 - i.e., it allows use of copyrighted materials by people or organizations who do not own the copyright, if they meet certain criteria
- If the statutory factors apply properly to such use, the following may constitute fair use: criticism, comment, news reporting, teaching (in educational institutions), scholarly research, parody



Fair Use

- In some circumstances, educators may use limited portions of copyrighted materials within their own classrooms without the express permission of the copyright owner
- However, academic use or charitable use does NOT automatically exempt you from copyright infringement
- Just because you are a nonprofit, does not mean that you can use copyrighted materials however you like



Factors to determine Fair Use

- The purpose and character of the use: was the use commercial or noncommercial?
- The nature of the copyrighted work: was the work creative or factual?
- The amount of the portion used in relation to the entire work: was a substantial part of the work used, or just a small part?
- The effect of the use on the work's potential market: did the use affect demand for the copyrighted work?



Copyright issues and Fair Use in curricula

- Character of the use: If a teacher or student uses the work solely for education (which is not, for example, selling or licensing something incorporating the work), this factor may weigh in favor of a finding of fair use.
- Nature of the work: Use of a factual work in research is likely to be found fair, but even limited use of a creative work can be fair if all of the other factors are met.
- The amount used: If students and teachers only use a small portion, it may be a fair use. If entire works or substantial amounts are copied, then the use is on shakier ground.
- The effect on the market: If the students and teachers truly need a full version of the work and are only copying to avoid buying a copy or obtaining a license, then the use probably isn't fair.
- CONSULT AN ATTORNEY BEFORE RELYING ON FAIR USE



Best practices for protecting your copyrights

- Always have an express written agreement with anyone who creates copyrightable material for the nonprofit or uses the nonprofits' copyrighted works
- Place a copyright notice on all copies of all works
 - © [year of first publication] [name of the copyright owner]
 - © 2022 XYZ NonProfit



Right of publicity: Commercial use

- “Right of publicity” is an individual’s right to use their own image or likeness for commercial purposes
 - The right of publicity is based on state law, and thus varies from state to state
- Commercial use of someone else’s image requires permission
- Note: there is no posthumous right of publicity in New York



Publicity vs copyright

- The copyright in a photo or video is owned by the author of the photo or video (usually the photographer/videographer)
- The right of publicity is controlled by the person who appears in the photo or video
 - e.g., they must give permission before another party can use it



Waiver and consent

- Get a waiver before using images or video of someone. The waiver should include:
 - Right to take a photo or video
 - Right to use for all purposes in all distribution mediums now existing or later created
- Get parental consent for minors
- Examples:
 - Filming programs/events
 - Photographs for brochures/websites



Filming/crowd release notices

- If you will be recording an event or an area, then you should also post a filming notice (crowd release notice)
 - Conspicuous
 - Several – one at each entrance
 - Large type
 - State that by entering the area people consent to being recorded
 - Ticket sales agreement may also incorporate the terms
- Consult an attorney for proper wording and posting requirements



Trade Secrets



What is a trade secret?

- A trade secret is confidential information that provides the owner with a competitive advantage in the marketplace
 - Examples of trade secrets include donor/customer mailing lists and donation amounts, patterns, processes, techniques, methods, business strategies, formulae
- In order to qualify as a trade secret, the information must be:
 - commercially valuable because it is a secret
 - be known to a limited group of people
 - be subject to reasonable steps taken to protect its confidentiality, including written confidentiality agreements



Advantages of trade secrets

- Unlike trademarks and copyrights, there is no official process to “register” a trade secret, which means no acquisition costs
- You do not have to be the first person to use the trade secret nor does it have to be unique, so long as it is kept secret
- The law affords criminal and civil penalties for theft or misappropriation of trade secrets
- **However:** trade secret protection does not protect against independent creation or, in many case, reverse engineering



Best practices for protecting your trade secrets

- Identify the trade secrets (and make sure to keep any identifying lists confidential)
- Label documents that identify trade secrets as confidential and lock or password protect those files
- Limit access to trade secrets on a “need-to-know” basis
- Execute written confidentiality agreements with employees, contractors or anyone who has access to these trade secrets
- Make sure your organization has an up-to-date confidential information policy and information security policy



Patents



What is a patent?

- A patent is an exclusive right granted by the federal government for an invention
- An invention becomes a patent only when the government issues the patent approval from a patent application; without a government application, an invention may be protectable by other forms of IP but not patent



When should a nonprofit seek a patent?

- If your nonprofit has a new, unique and novel invention that is “not obvious,” then you may consider filing a patent application
- Nonprofits should reach out to counsel before applying for a patent
- The costs associated with filing for, obtaining and maintaining a patent usually run to tens and sometimes hundreds of thousands of dollars
- There needs to be a business case for obtaining a patent (license fees, exclusive markets)
- Consider who would infringe and whether you would ever file a lawsuit against them



Patent case example

- Your organization has created a unique, non-obvious and brand new invention that you plan

Should we apply for a patent?

- Analysis: What are our goals?
 - Are we trying to commercialize this invention in some way? Would we sue third parties for infringing our invention?
 - If the answer is yes, then it may be worth seeking a patent.
 - Do we have the funds to pay for patenting costs (which can run to tens and sometimes hundreds of thousands of dollars)?
 - If the answer is yes, then it may be worth seeking a patent.
- Is the invention patentable (e.g., has it been published or does someone else already own a patent in this technology)? **CONSULT AN ATTORNEY**



Protecting your Intellectual Property



Protecting your intellectual property

- Keep track of your IP and who you permit to use it
 - Enter into written agreements with third parties who may use your IP and ensure quality control/limitations in their use
- Protect your IP with employees
 - Require employees keep trade secrets confidential
- Protect your IP with contractors
 - Require any contractors who may create IP for the nonprofit to execute written “work for hire” and IP assignment agreements
- Use proper copyright or trademark symbols, or confidentiality banners for trade secrets



Protecting your intellectual property

- Conduct online and USPTO searches from time to time to ensure no one is infringing your trademarks
- Protect all trade secrets with adequate security measures, limit access on a need-to-know basis and use written confidentiality agreements with anyone who does have access
- If your nonprofit has valuable trade secrets, make sure you have an up-to-date confidential information policy and information security policy



Action steps

Get legal assistance to:

- conduct clearance searches for potential trademarks;
- apply to register trademarks or copyrights;
- consider what might be Fair Use;
- review/draft independent contractor agreements; and
- review/draft publicity waivers and consents and filming notices.



Questions?

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