Lawyers Alliance
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Connecting Lawyers, Nonprofits, and Communities

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Community Arts Q&A Series

Common Intellectual Property Issues for Community Arts Organizations

As part of its Community Arts program area, Lawyers Alliance is providing a series of Q&As to help community arts organizations better understand how the law applies to them. This Q&A is the fifth in that series. Other Q&As in the series can be found here.

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Nonprofits should be aware that they both need to protect their own intellectual property as well as be mindful of not infringing others' intellectual property rights. This legal alert addresses common intellectual property issues that may be of particular concern to nonprofit arts organizations, including: trademarks, domain names, copyrights, and the right of publicity.

Trademark

Question: What is a trademark?

Answer: 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 the trademark, he or she thinks of the company that is the source of the goods or services associated with the trademark. Trademarks help customers recognize a business and its products, while also preventing others from using similar trademarks for similar goods and services.

Question: Is the name of our organization a trademark?

Answer: It depends. Registration of a business name does not establish trademark rights. A trademark is legal protection for a specific word, phrase or logo that identifies the source of goods or services. Your organization needs to register the name as a trademark to gain that protection. However, not all business names will be eligible for registration. Generic and merely descriptive terms cannot be trademarks (although 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). However, if the name of your organization is suggestive, arbitrary, or fanciful (*i.e.*, if it has little or no association with the types of goods or services with which your company associates it), then it may be a trademark. For example, "cola" is generic, whereas "Pepsi" is fanciful. For more information, please visit the United States Patent and Trademark Office's ("USPTO") website at www.uspto.gov/trademarks/basics.

Question: Another organization is using a name that is similar to ours. Unfortunately, we never registered our name as a trademark. Do we still have trademark rights in our name?

Answer: Even if your organization has not registered its name as a trademark, your organization may have some limited trademark rights based on "common law" if it was using the name commercially before the other organization. These "common law" rights are harder to enforce compared to a registered trademark. Your organization would need to provide evidence that the other organization's use of a similar name is causing customer confusion in order to take legal action against the other organization using the similar name.

It is important to consider a few key factors in whether your organization has trademark rights in its name. In the first instance, it is important to understand that trademark protection is limited to the particular "classes" of goods or services that they are used in connection with (*e.g.*, the same trademark could be used for sponges and jet engines, so long as consumers would not be confused into thinking that the two goods come from the same source). Furthermore, trademark rights are limited geographically. Unregistered trademarks are generally only protected within the geographic area in which they are used, whereas registered trademarks are generally protected throughout the United States (international protection is a separate issue not covered by this Q&A). It is also important to understand that just because a term has attained trademark protection, this does not prevent others from using the term in its generic sense, or for purposes of journalism, commentary, or certain comparative advertising purposes.

Example: A New York nonprofit community choir learns that a California technology startup is using a similar name. The nonprofit never registered its name as a trademark. It seems unlikely that the nonprofit and a technology startup will be using the name in a similar class, so the nonprofit's use of the name may be okay on this basis alone. Additionally, if the technology startup does not have a federal registration in the nonprofit's class, then the technology startup's trademark protection will be limited to the geographic area and class in which it is using the trademark.

Question: When can we use the "TM" symbol or the "(R)" symbol?

Answer: The "TM" symbol (™) may be used in association with any term or logo in which you have a good faith basis for claiming trademark rights, regardless of whether that trademark is registered. This indicates your organization's intent to claim a trademark, even if not yet registered. The "(R)" symbol (®), however, may only be used after a trademark registration has been issued by the USPTO. This represents a fully registered trademark with legal protection.

Question: How long does trademark protection last?

Answer: Trademark protection lasts, potentially, forever, so long as the trademark continues to be used in commerce. Trademark registration, however, requires periodic maintenance, including filing certain documents with the USPTO within the deadlines to maintain your organization's trademark registration. Since this is a complex issue, it is advisable that your organization seeks the advice of an attorney.

Question: How do we register our trademark?

Answer: It is recommended that you seek the advice of counsel with respect to the trademark registration process, which is technical and subject to review by a trademark examiner at the USPTO.

Question: Is trademark registration necessary?

Answer: Trademark rights in the United States arise from use of the trademark, not from registration. However, registration confers many benefits upon trademark owners (see below).

Question: Why should our organization spend the time and money registering our name and logo as trademarks?

Answer: There are several advantages to registering your trademark. First, registration gives you nationwide priority to use the mark with respect to the classes of goods or services for which you register. Second, it puts other potential trademark users on notice of your rights in the trademark. Third, after being registered for a period of five years your trademark is presumed to be valid (*i.e.*, it becomes harder for a third party to challenge your trademark registration and get it canceled). With respect to legality, if someone infringes on your registered trademark, you may be able to recover more significant damages. Additionally, it is easier to sue for trademark infringement with a registered trademark.

Question: What does trademark clearance entail? How much does it cost?

Answer: A preliminary search can be done for free on the USPTO website and through internet search engines. If these searches do not return any conflicting trademarks, then the next step is to order a full trademark clearance search from a third-party vendor, which could cost over $500. While this vendor clearance search is not legally required, it can help identify any potential conflicting uses and a court may make negative inferences if such a search is not conducted.

Question: We already cleared our business name with our state of incorporation. Do we still need to clear our trademark?

Answer: Clearance of a business name merely means that no other business in your home state is currently operating under that name. Trademark rights, on the other hand, often cross state borders. For example, a company based in New Jersey may be selling its products throughout the Tri-State Area. Business name searches in New York and Connecticut may not turn up any record of this company, whereas a trademark clearance search would.

Question: Our organization's name is very unique and unlikely to be trademarked by any other organization that provides similar services to ours. Must we still "clear" our trademark prior to registration?

Answer: Yes. Before using a trademark, you should always consult with counsel and make sure that the trademark is available for the types of goods and services with which you desire to use it. Otherwise, your use of the trademark may constitute infringement and could result in litigation.

Question: How much does it cost to register our trademark?

Answer: The current fee schedule is available on the USPTO's website at www.uspto.gov/trademark/trademark-fee-information. The registration fee will be 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, you would need to register in two different classes.

Question: We wish to license our trademark to a third party. What are the key issues that should be addressed in the licensing agreement?

Answer: While there are many considerations that go into a licensing agreement, you should pay particular pay attention to:

- The scope of the license (*e.g.*, how it can be used, whether it is exclusive or non-exclusive, etc.)
- Quality control
- Term/termination
- Royalties and compensation
- Geographic scope
- Products/services covered

Question: When we license our trademark and receive royalties, are the royalty payments subject to tax under the Unrelated Business Income Tax ("UBIT")?

Answer: No, royalty payments are exempt from UBIT.[1]

Question: We just learned that another organization is using our logo without our authorization. What should we do?

Answer: Trademark owners have a duty to police unauthorized uses of their trademarks. Therefore, if you discover a third party using your trademark in a manner that you believe in good faith will cause consumer confusion, you should contact counsel and discuss whether you should send the third party a cease and desist letter. Generally speaking, if you knowingly fail to police your trademark, then you may be deemed to have acquiesced to the third party use of the trademark.

Domain Names

Question: What is a domain name?

Answer: A domain name is the Internet address for a website (*e.g.*, www.lawyersalliance.org).

Question: How does my organization obtain a domain name?

Answer: To obtain a domain name, your organization needs to choose a name that typically reflects your brand, then select a domain registrar, check is the name is available, and register it by providing your personal information and paying a fee. Your organization can register a domain name with the ".org" extension through a domain registrar, which is the most commonly used top-level domain for non-profit organizations.

Question: What do we do if we discover a third party is using a domain name that is confusingly similar to our trademark?

[1] See our UBIT legal alert: https://lawyersalliance.org/userFiles/uploads/legal_alerts/Basics_of_the_Federal_Unrelated_Business_Income_Tax_on_Nonprofits_Legal_Alert.pdf.

Answer: Oftentimes, the first step is to send a cease and desist letter. If the improper use continues, the second step would be to file an administrative proceeding called a Uniform Domain Name Dispute Resolution Policy ("UDRP") proceeding to attempt to reclaim the domain name, or file a lawsuit. UDRP proceedings generally cost significantly less than lawsuits. If you win your UDRP challenge or lawsuit, then the offending party's domain name registration will either be canceled or transferred to your organization. Generally, transfer is preferable, otherwise a different bad actor could register the infringing domain name and the process would start all over again.

Copyright

Question: What kinds of materials are protected by copyright?

Answer: A copyright attaches to original works of authorship that are fixed in a tangible form (*e.g.*, novels, photographs, movies, sheet music, essays, etc.). If the work does not contain the requisite originality or is merely an idea, method, or process, then it will not be copyrightable. This is, however, a highly complex issue that depends on a variety of factors. For a more detailed explanation of what qualifies for copyright, please read the Copyright Office's circular, *Copyright Basics*, which is available at www.copyright.gov/circs/circ01.pdf.

Example: A nonprofit comedy troupe sells posters with short slogans. The group discovers that a souvenir store is selling an identical poster. If the phrases were short and commonplace, then the design likely did not contain enough originality for copyright to attach. However, copyright is not necessarily foreclosed, depending on factors such as the design's uniqueness, its selection and arrangement, and the level of overall artwork.

Question: Does our website qualify for copyright protection?

Answer: Yes, websites are copyrightable if they contain original creative elements like text, images, videos, or design layouts (see above).

Question: Who owns the copyright in a commissioned work, the author or the organization?

Answer: Generally, the owner of the copyright in a work is the author of the work (*e.g.*, the artist who puts pen to paper, brush to canvas, image to film, etc.). However, in certain situations, including when an organization commissions the work, an artist's work may be considered a work-for-hire, in which case the employer or commissioning organization would be considered the copyright owner of the commission work. A work-for-hire occurs either when the artist is an employee of the organization and the work is deemed to have been created within the scope of the employment, or if the artist is an independent contractor and is specially commissioned by the organization (as defined in the Copyright Act) pursuant a work-for-hire provision in the contract.

The work-for-hire doctrine is particularly complex, as questions about who is an employee (as opposed to independent contractor) or what works can be specially commissioned highly depend on the circumstances of each case. Sometimes, an independent contractor may be considered to have an employment relationship even though the contract specifically states that the employee is an independent contractor. In other cases, a work-for-hire provision in a contract may not be enough to establish that an independent contractor was specially commissioned, as defined in the Copyright Act. Therefore, copyright ownership may differ depending on the circumstances of each case, and it

is advisable to have artists agree upfront in the contract to either assign ownership to your organization or otherwise permit it to use their works in the way your organization so desires.

If your organization needs clarity on ownership in the work, it is recommended to seek the counsel of an attorney who has expertise in copyright. For a more detailed analysis about what qualifies as a work-for-hire, please read the Copyright Office's circular, *Works Made for Hire*, which is available at www.copyright.gov/circs/circ30.pdf.

Example 1: A nonprofit arts organization that runs afterschool programs contracts an artist to teach a workshop. During the course of the workshop, the artist creates her own paintings and later asks the organization not to use her paintings in future workshops. If the artist is not an employee of the organization and there was no work-for-hire or assignment provision in the contract, the artist owns the copyright in her paintings.

Example 2: A nonprofit organization hires a web developer to create its website. If the web developer is an independent contractor, as opposed to an employee of the organization, then the organization must include a work-for-hire provision in the contract to ensure that it will own the copyright in the website. It is advisable to include an assignment provision in the contract, in case the work-for-hire provision proves inadequate in establishing a work-for-hire arrangement.

Question: Who owns the copyright in a joint work?

Answer: This is a highly complex issue, and there could be several authors' copyrights at interest. For example, in some situations a screenwriter may own the copyright in a movie's underlying story while a composer owns the copyright in the movie's score. Therefore, it is recommended that an organization consult an attorney who has expertise in copyright to determine who owns the copyright in each work. For a more detailed analysis on joint works as it relates to community arts organizations, please read the Lawyers Alliance for New York's Legal Alert, *Development and Use of Joint Works, Collective Works, and Derivative Works*, which is available at lawyersalliance.org/userFiles/uploads/legal_alerts/Joint_Collective_and_Derivative_Works_Legal_Alert.pdf.

Example: A nonprofit theater group has many artists contributing to the same play—actors, playwrights, musical composers, directors, and costume designers. The play may be a joint work, depending on the intentions of the authors.

Question: Must original works be registered for copyright protection to apply?

Answer: No. Copyright protection applies automatically as soon as a work is fixed in a tangible medium.

Question: What are the advantages of copyright registration?

Answer: There are several benefits to copyright registration. First, registration is required in order to bring a lawsuit for copyright infringement. Second, if you register your copyright prior to the infringement occurring, you may be able to recover damages that are set by statute, even if you cannot prove that you suffered actual monetary damages. Third, registration creates an official record of the date and contents of your work. Additionally, registration creates a presumption of ownership, which makes it easier to win a lawsuit and to negotiate future licenses of the copyrighted work.

Question: How do we register a copyright?

Answer: Most copyright registrations must be filed electronically at www.copyright.gov.

Question: How much does it cost to register a copyright?

Answer: The current fee structure is available on the Copyright Office's website at www.copyright.gov/docs/fees.html.

Question: How long will copyright protection last?

Answer: In most cases, for most works created after 1978, copyright protection lasts for the life of the author, plus 70 years. However, copyright duration may vary depending on the circumstance. For example, copyright in a work-for-hire lasts for 95 years from the date of first publication (or 120 years from the date of creation). For a more detailed discussion, please read the Copyright Office's circular, *Duration of Copyright*, which is available at www.copyright.gov/circs/circ15a.pdf.

Question: Can we use copyrighted materials in our work?

Answer: You will generally need to obtain permission from all of the copyright owners in the materials, unless the use is classified as "fair use," or if a particular film material has fallen into the public domain (see below).

Question: How will I know if our use of another's copyrighted material is fair use?

Answer: When a work is copied for purposes such as criticism, reporting, scholarship, teaching, or research, it may constitute fair use, which is considered a defense to a claim of copyright infringement. For example, a parody (as opposed to a satire) is normally considered fair use. However, before relying on the doctrine of fair use, you should understand that a fair use analysis is highly fact specific and the outcome of the analysis is difficult to predict. Courts will consider the following factors and may weigh them each differently: (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the portion used, and (4) the effect of the use upon the potential market for the copyrighted work. Consult with counsel before using a copyrighted work without permission. For more information about fair use, please visit the Copyright Office's website at www.copyright.gov/fair-use .

Question: What is the difference between parody and satire?

Answer: Generally, parody is when you use a copyrighted work to mock or comment upon the copyrighted work itself, whereas satire is when you use a copyrighted work to mock or comment upon something unrelated to the copyrighted work. Parody is often considered a fair use, satire is not.

Example: A nonprofit theater company created a musical based on *Mary Poppins*, which takes place in twentieth century London. The new musical's setting is modern-day New York City, and it makes fun of current politics in the United States. Here, the musical will likely be considered satire because it is commenting on something unrelated to the copyrighted work, and it is unlikely that the organization could argue that the use of the underlying Broadway musical is under the umbrella of fair use. As a result, the organization should likely get permission from the owners of *Mary Poppins* to create the new work.

Question: If our use of another's copyrighted work is not fair use, how do we go about obtaining each of the authors' permission?

Answer: Obtaining permission may be a difficult task (especially if the author is unknown or if the work is an adaptation from a prior work). In addition, the required permissions may be multi-layered and complex for various works. For example, obtaining all of the necessary permission to use a film scene may require permission from both the film studio and the author of the novel in which the film was based. For more information about obtaining an author's permission, please read the Copyright Office's circular, *How to Obtain Permission*, which is available at www.copyright.gov/circs/circ16a.pdf.

Question: What is the public domain?

Answer: The public domain refers to works that are not protected by copyright, either because the copyright term has expired (*e.g.*, the works of Shakespeare), because the work does not rise to the level of copyrightability (*e.g.*, a standard diary), or because the author has chosen to forego copyright protection in whole or in part (*e.g.*, certain Creative Commons licenses). For more information about investigating the copyright status of a work, please read the Copyright Office's circular, *How to Investigate the Copyright Status of a Work*, which is available at www.copyright.gov/circs/circ22.pdf.

Question: If an image is freely available on the internet, does that mean it is in the public domain?

Answer: No. Taking a copyrighted work from the internet without authorization is legally no different than walking into a bookstore and stealing a book. A copyright owner's choice to publish a work electronically does not imply that they are renouncing their copyright.

Example: A nonprofit ballet company is partnering with a local school to create a performance of *The Nutcracker*. The program incorporates a portrait of Tchaikovsky found online. The organization cannot use the picture unless it receives authorization or the picture is in the public domain.

Question: What is a Creative Commons license?

Answer: A Creative Commons license is a way to retain your copyright in a work while at the same time allowing others to use the work without contacting you to negotiate an individual license. Creative Commons licenses come in six different varieties, each more or less restrictive than the others and are explained on the Creative Commons website at creativecommons.org/share-your-work/cclicenses/.

Question: How do you prevent others from reposting your organization's intellectual property on social media?

Answer: Most social media sites have an intellectual property infringement complaint form built-in, which can be filled out and submitted through the platform. Alternatively, or in addition, you can retain counsel to send a cease and desist letter to the infringer. Ultimately, if your initial efforts are unsuccessful, you may retain counsel to file a lawsuit against the infringer.

Right of Publicity

Question: What is the right of publicity?

Answer: The right of publicity is an individual's right to use his or her own image or likeness for commercial purposes. Generally, you cannot use a person's image or likeness in a commercial advertisement or to promote a product without their permission. The right of publicity is based on state law, and thus varies from state to state. Therefore, it is advisable to seek an attorney who has knowledge of the relevant state law to make sure someone's right of publicity will not be violated.

Example: A nonprofit organization's online brochure incorporates pictures of middle-school students who have participated in its afterschool workshop. The organization must obtain permission to use the pictures from the people appearing in them. Since the students are minors, a parent's consent may be required.

Question: How does the right of publicity in a photo differ from the copyright in a photo?

Answer: The copyright in a photo is owned by the author of the photo (usually the photographer), whereas the right of publicity is controlled by the person who appears in the photo.

Question: Is there a posthumous right of publicity?

Answer: Only in a handful of states. You should confer with counsel to determine which state laws apply and whether they currently recognize a posthumous right of publicity.

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