

Survey of Intellectual Property Branding, Trademarks, Domains and Product Launching

By Gregg R. Zegarelli, Esq.

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Biography

Gregg R. Zegarelli, Esq.

Mr. Zegarelli has practiced law for more than 25 years and is admitted to practice law in the Commonwealth of Pennsylvania, District of Columbia and State of Illinois. He is a graduate of Duquesne University with dual major areas in Accounting and History and dual minors in Philosophy and Political Science. He is a graduate of the Duquesne University Law School and is qualified to sit for the C.P.A. examination.

Mr. Zegarelli is Adjunct Professor in the Duquesne University McAnulty Graduate School teaching in the Master of Leadership graduate degree program. His courses include *The Leader as Entrepreneur* and *Developing Leadership Character Through Adversity*.

Mr. Zegarelli remains a practicing attorney. He practices in all transactional areas of law, with a concentration in technology and media law, and the law of corporate and business transactions. His representation includes advising on business formation and entrepreneurial ventures, commercial and corporate litigation, venture capital, franchising, mergers and acquisitions, licensing of technology and information, employee and contractor agreements, and intellectual property matters such as copyright, media, trade secret and trademark law.

Mr. Zegarelli serves as general counsel for businesses ranging from the startup to large enterprises. He has been retained as special counsel for technology development contracts, such as for the automated parking facility at the Pittsburgh International Airport. He has personally negotiated with a wide-range of well-known companies, including Acclaim, Borland, Coca-Cola, Disney, Facebook, General Electric, Google, Intel, Lion's Gate, Mattel, McKesson, Metro-Goldwyn-Mayer (MGM), Microsoft, Sony and Xerox.

Mr. Zegarelli has also earned a very unusual credential: Mr. Zegarelli represents clients in federal and state courts and has successfully litigated disputes with extremely complicated deliverable logistics. Mr. Zegarelli has been selected several times as an Arbitrator (Judge) for the American Arbitration Association, and has presided over more than 100 arbitrations in the largest class action settlement in history. Mr. Zegarelli was appointed to the panel of neutrals for the United States Copyright Arbitration Royalty Panel for two years prior to the statutory internalization and was appointed by the United States District Court for the Western District of Pennsylvania as an Early Neutral Evaluator. Mr. Zegarelli was lead counsel in *Borings v. Google*, the first case against Google for Street View trespass, with a successful reversal at the Third Circuit that resulted in the only known judgment against Google as an intentional trespasser.

Mr. Zegarelli was appointed as the first Chairman of the ACBA Allegheny Lawyers Online program—the first telecommunications service to be sponsored by a local bar association. Mr. Zegarelli has been interviewed by television and Internet media, such as CBS-affiliate KDKA (Internet gambling), CNN (electronic privacy), and USLive (getting inventions to market), and he is author of the article on the *Computer Fraud and Abuse Act* for the *MacMillan (Gale Group) Encyclopedia*, and *Current Technology Issues* by the *Ohio CPA Journal*. Mr. Zegarelli also was interviewed by on *TBC Today* regarding entrepreneurship and appeared on WMNY Pittsburgh Business Radio discussing intellectual property issues and ethics. Mr. Zegarelli was Councilman in the Municipality of Penn Hills, and President of the Student Government Association of Duquesne University. Mr. Zegarelli was authored and published *The Sunshine Act*, republished by the *Pittsburgh Legal Journal* at 135 P.L.J. 39, 1988, and cited by the Pennsylvania Statutes (Purdon Supp. 65 P.S. § 271). He was chosen by the *Pittsburgh Post-Gazette* as "Ones to Watch in the 90's."

Mr. Zegarelli is a frequent lecturer for accredited continuing education series on technology, social media, entrepreneurship, law office management and intellectual property issues. He has the distinction of being a member of the faculty for attorney CLE and accountancy CPE courses. Mr. Zegarelli is the author of ONE[®], the Unified Gospel of Jesus, in which he has systematically unified the four Gospels with a new 3,000 item reference system. He is a member of the District of Columbia, Illinois and Allegheny County

Bar Associations. He is admitted to the U.S. Third Circuit and the U.S. Supreme Court. He is a member of the Duquesne University McAnulty College and Graduate School of Liberal Arts Alumni Advisory Committee. He is a board member of the MLR Charitable Foundation Advisory Board. Mr. Zegarelli is listed in Who's Who in Practicing Attorneys. Mr. Zegarelli's personal website is <http://www.greggzegarelli.com>.

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I. Interplay of Law and Accountancy.

To start at the beginning, the subject-matter of intellectual property and branding is fundamentally about the legal acquisition, maintenance and protection of certain less-traditional types of property. Bringing this subject-matter to the accountancy profession is not to suggest that licensed accountants should be providing advice on such things. The purpose is to acclimate members in the accountancy profession to certain pervasive fundamental issues affecting client commercial enterprises, adding value and perspective to commercial client teams. Lawyers and accountants serve a fundamental role in helping clients achieve their goals in an increasingly competitive marketplace. Whether a tax question is introduced by the lawyer, or an intellectual property question is introduced by the accountant, the important thing is that the professional team helps the mutual client achieve the client's personal and professional goals.

A. Practicing Law.

1. Pennsylvania Statute.

42 Pa.C.S.A. § 2524. Penalty for unauthorized practice of law.

(a) **General rule.**—[Except as generally relating to services in a law firm], any person, including, but not limited to, a paralegal or legal assistant, who within this Commonwealth shall practice law, or who shall hold himself out to the public as being entitled to practice law, or use or advertise the title of lawyer, attorney at law, attorney and counselor at law, counselor, or the equivalent in any language, in such a manner as to convey the impression that he is a practitioner of the law of any jurisdiction, without being an attorney at law or a corporation complying with 15 Pa.C.S. Ch. 29 (relating to professional corporations), commits a misdemeanor of the third degree upon a first violation. A second or subsequent violation of this subsection constitutes a misdemeanor of the first degree.

2. Pennsylvania Bar Association.

...The Unauthorized Practice of Law Committee of the Pennsylvania Bar Association ("Committee") has opined that "the counseling, preparation and/or filing of real estate tax assessment appeal forms and/or representation of real property owners by persons not licensed to practice law in Pennsylvania . . . such as tax consultants, certified public accountants, public accountants, real estate brokers and/or salespersons and state certified real estate appraisers and other appraisers before the various county boards of assessment appeals throughout Pennsylvania constitutes the Unauthorized Practice of Law."...Only attorneys-at-law licensed to practice in the Commonwealth of Pennsylvania may represent aggrieved parties at the appeal hearings before the Board.... *Westmoreland County v. RTA Group*, (PA Ct Comm. Pleas, 1998).

3. Cases.

- a. Under Pennsylvania law, the question of whether a particular activity of an attorney not licensed in the Commonwealth constitutes the practice of law depends upon whether the activity involves the exercise of legal judgment. *Haymond v. Lundy*, E.D.Pa.2001, 174 F.Supp.2d 269, vacated 91 Fed.Appx. 739, 2003 WL 22426920.
- b. Under Pennsylvania law, the "practice of law" is not confined to services rendered in relation to a particular court proceeding; rather, the practice of law may also include other aspects of rendering legal advice regardless of whether a matter is pending in a court, such as preparing legal instruments and contracts which secure legal rights. *In re Benninger*, Bkrcty.W.D.Pa.2006, 357 B.R. 337.

- c. Under Pennsylvania law, standard for when person is engaged in practice of law is whenever and wherever services require legal knowledge, training, skill, and ability beyond those possessed by average man. *In re Campanella*, Bkrtcy.E.D.Pa.1997, 207 B.R. 435.
- d. Under Pennsylvania law, preparation of pleadings and other types of legal papers and giving advice in legal matters constitutes practice of law, because all of these activities require familiarity with legal principles which are beyond layperson's knowledge. *In re Campanella*, Bkrtcy.E.D.Pa.1997, 207 B.R. 435.
- e. Under Pennsylvania law, determination of whether person has engaged in unauthorized practice of law focuses on whether activity in question involves exercise of legal judgment. *In re Stone*, Bkrtcy. W.D.Pa.1994, 166 B.R. 269.
- f. Legal assistant's arrangement with attorney by which attorney would review assistant's work did not shield legal assistant from contempt liability pursuant to order prohibiting unauthorized practice of law, where attorney merely checked documents for glaring mistakes and had no way of knowing what legal advice assistant had given or whether that advice was proper. *In re Stone*, Bkrtcy.W.D.Pa.1994, 166 B.R. 269.
- g. Furnishing advice concerning insurance, road, vehicle, and labor laws and regulations, and drafting contracts of sale, lease, assignment, and similar instruments constitutes the practice of law. *Blair v. Motor Carriers Service Bureau*, 40 Pa. D. & C. 413 (1941).
- h. Habitual drafting of legal instruments for hire constitutes the practice of law even though the individual so engaged makes no attempt to appear in court or to give the impression he is entitled to do so. *Northampton County Bar Ass'n v. Young*, 1 Monroe L.R. 94, 26 Northam. 363 (1939).
- i. Where the application of legal knowledge and technique is required, the activity constitutes the practice of law, no matter what the tribunal. Real estate men may draw deeds if such action be routine and only where the drafting of deeds is an incident of their business. *Kountz v. Rowlands*, 90 Pitts.L.J. 193 (1942).
- j. Application for corporation charters, for merger, consolidation or dissolution of corporations, for the increase or decrease of capital stock, and for the issuance of corporate securities, constitutes the unauthorized practice of law. *Blair v. Service Bureau*, 87 Pitts.L.J. 155 (1939).
- k. Respondent's habitual or regular preparation of legal documents for a fee indicated that, not being a member of any bar nor authorized to practice law in any jurisdiction, he was actively engaged in the unauthorized practice of law. *Matter of Arthur*, Bkrtcy.E.D.Pa.1981, 15 B.R. 541, stay denied 18 B.R. 626.
- l. Stenographer making practice of drafting legal instruments for hire was layman engaged in "practicing law" within prohibition thereof by 17 P.S. § 1608 (repealed). *Childs v. Smeltzer*, 171 A. 883, 315 Pa. 9, Sup.1934.
- m. Practice of law by drafting legal instruments was prohibited only when drafting thereof was not connected with immediate business of person preparing them who, though not member of bar, held himself out as specially qualified. *Childs v. Smeltzer*, 171 A. 883, 315 Pa. 9, Sup.1934.
- n. Drafting of partnership agreements constitutes practice of law. *Blair v. Motor Carriers Service Bureau*, 40 Pa. D. & C. 413 (1941).

- o. The mere filling out in behalf of applicants of applications for issuance or for renewal of restaurant, hotel, or club liquor licenses was a simple matter requiring simple answers to simple questions. In and by itself such filling out of forms did not constitute the practice of law. Such clerical action, however, could not be accompanied by an interpretation of the law or by an application of the law to the particular facts of a particular applicant. The defendant was required to be careful to prevent the impression from arising that he was giving legal advice. *Walker v. Kahn*, 31 Pa. D. & C. 620, 86 Pitts.L.J. 173 (1938).
- p. Furnishing advice concerning tax laws and methods of business organization and operation likely to reduce the amount of tax liability constitutes unauthorized practice of law. *Blair v. Service Bureau*, 87 Pitts.L.J. 155 (1939).
- q. Where defendants through extensive advertising solicited the patronage of the general public, represented themselves as utility and interstate commerce consultants and as tax experts, and conducted a corporation service, were engaged in the unauthorized practice of law. *Blair v. Service Bureau*, 87 Pitts.L.J. 155 (1939).

B. Legal Privilege?

1. See *United States v. Bowman*, 358 F.2d 421 (3rd Cir. 1966) “The Pennsylvania statute [63 P.S. § 9.11a.] provides as follows:

“Except by permission of the client or person or firm or corporation engaging him or the heirs, successors or personal representatives of such client or person or firm or corporation, a certified public accountant or a person employed by a certified public accountant shall not be required to, and shall not voluntarily, disclose or divulge information of which he may have become possessed relative to and in connection with any professional services as a certified public accountant other than the examination of audit of or report on any financial statements, books, records or accounts, which he may be engaged to make or requested by a prospective client to discuss. The information derived from or as the result of such professional services shall be deemed confidential and privileged: Provided, however, That nothing herein shall be taken or construed as modifying, changing or affecting the criminal or bankruptcy laws of this Commonwealth or of the United States.

“The Pennsylvania statute excludes from the privilege which it creates, in the terms italicized, the material to which the summons here relates. Bowman’s counsel during the hearing below specifically stated ‘that all the pertinent information in the possession or custody of Mr. Bowman, or anyone at Main, LaFrentz & Company, all the pertinent facts, were derived from the books and records of the taxpayer corporation by the Respondent (Bowman) or people working under his supervision and direction. * * *

“Since the statute is in derogation of the common law which does not accord an accountant-client privilege the privilege which it accords must be strictly construed. It has long been settled in Pennsylvania that changes in the common law effected by statute must be clearly evidenced therein. *Buradus v. General Cement Products Co.*, 159 Pa. Super. 501, 48 A.2d 883 (1946), *aff’d per curiam*, 356 Pa. 349, 52 F.2d 205 (1947). Further, as we said in *City of Newark v. United States*, 254 F.2d 93 (1958), at page 97: ‘* * * it has long been a fundamental canon of statutory construction that the intention of the lawmakers is paramount in determining the meaning of an act. A situation not within the intention of the enacting body, though it is within the letter of the statute, is not within the statute.’

“On this score it is significant that Pennsylvania alone among the fifteen states which have enacted accountant-privilege statutes chose to incorporate in its privilege statute an exclusionary clause. The Michigan privilege statute, enacted in 1957, four years prior to the enactment of the Pennsylvania act, specifically privileges information ‘relative to and in connection with

any examination of, audit of, or report on, any books, records, or accounts.’ Similarly, the Louisiana privilege statute enacted in 1951, specifically embraces communication made to the accountant by any person employing him ‘to examine, audit, or report on any books, records, or accounts,’ and ‘any information derived from such books, records, or accounts.’ The Pennsylvania statute excludes, in almost identical terms, the privileges which these two states have created.”

2. *See Rubin v. Katz*, 347 F.Supp. 322 (U.S.D.C. E.D. 1972) “The theory of defendants’ motion is that the information is protected by the accountant-client privilege and that dismissal of the entire action is the only means which adequately preserves the interests of the clients. They base their claim of privilege on the Code of Professional Ethics of the Pennsylvania Institute of Certified Public Accountants (hereinafter Code of Ethics), the Rules of Professional Conduct of the Pennsylvania State Board of Examiners of Public Accountants (hereinafter Rules of Conduct) and the Pennsylvania C.P.A. Law, 63 P.S. § 9.11a.

“The Court is without jurisdiction to enforce provisions of the Code of Ethics and Rules of Conduct which are applicable to accountants. Defendants claim that the Court should enforce these rules just as it would the Canons of Ethics for attorneys. The jurisdiction to enforce canons for attorneys, however, is based on the regulatory power of courts over members of the bar. *Richardson v. Hamilton Int’l. Corp.*, 333 F.Supp., 1049, 1052 (E.D.Pa.1971). There is no similar basis for the Court to enforce the Code of Ethics and Rules of Conduct for accountants.

“Defendants’ other basis for dismissal is section 11.1 of the Pennsylvania C.P.A. Law. 63 P.S. § 9.11a They argue that this section creates an accountant-client privilege which prohibits an accountant from disclosing any information told to him while employed in a confidential relationship with a client. It would, therefore, be improper to permit the accountant to maintain a lawsuit which would inevitably require illegal disclosure of such confidences.

“There is reason to question whether the privilege created by state law is applicable to a suit based on federal securities law. *See United States v. Bowman*, 358 F.2d 421 (3rd Cir. 1966); *United States v. Jaskiewicz*, 278 F.Supp. 525 (E.D.Pa.1968). It is not necessary to reach that issue, however, since the Pennsylvania statute does not cover the situation involved in this case.

“Common law did not recognize an accountant-client privilege similar to the attorney-client privilege. Pennsylvania and a number of other states have adopted statutes which in some circumstances create a privilege analogous to the attorney-client privilege established at common law. Since the statute is in derogation of common law, it must be strictly construed, and any change in the common law effected by the statute must be clearly indicated. *United States v. Bowman*, *supra* at 423 of 358 F.2d.

“The Third Circuit noted in *Bowman* that Pennsylvania alone among the fifteen states which had adopted accountant-client privilege statutes by 1966, had an exclusionary clause. This clause excludes from coverage by the privilege any information a certified public accountant might obtain relative to and in connection with “... the examination of audit of or report on any financial statements, books, records or accounts, which he may be engaged to make ...” This type of information had been specifically included in the privilege in other states which adopted similar laws previous to Pennsylvania. *United States v. Bowman*, *supra* at 423. Thus, the information divulged in paragraph 36 is excluded from the privilege created by the statute. Sophian was examining the books of Container Leasing, Inc. when he asked what a \$500 entry represented. He was told it represented 50% of the capital stock of Integrated Container Service. Although the information was not taken directly from the books, it was received in the answer to a question in connection with his examination of the books. A strict interpretation of the statute requires the conclusion that information obtained in this manner is excluded by the statute from the privilege.

“The statute does not require that the suit be dismissed because of the possibility that Sophian will use information acquired in an accountant-client relationship. Defendants’ attempt to draw an analogy to the broad, stringent protections of the attorney-client privilege as enforced in *Richardson v. Hamilton Int’l. Corp.*, *supra* and *John Doe v. A Corp.*, 330 F.Supp. 1352 (S.D.N.Y.1971) cannot succeed. The Pennsylvania statute as described above was clearly intended to make a limited change in the law, and not to extend the common law attorney-client privilege to accountant-client relationships. Defendants have not shown that the prophylactic rule established by common law in the attorney-client relationship has now been extended to the accountant-client case.

II. The Intellectual Properties.

A. The Traditionals.

The various intellectual properties are, such as all property, “a bundle of legal rights.” These legal rights find their source in a body of law, which is federal, state or both. Patents and copyrights derive from federal law, trade secrets and privacy rights generally from state law, and trademarks from state and federal law. This is important, particularly in the sense that rights derived from state law can be different in and for each state.

1. Copyright.

a. The Foundation of Copyright Law.

Most people do not realize that copyright law has its foundation in the Constitution of the United States. At the very inception of our nation, our forefathers recognized that the best way to encourage creativity is to give authors legal rights to their works. Article I, Section 8, Clause 8 of the Constitution states: "The Congress shall have the Power . . . To promote the Progress . . . of useful Arts, by securing for limited Times to Authors . . . the exclusive Right to their respective Writings" This is frequently called the "copyright clause" of the Constitution.

b. What is a Copyright.

- i. A legal “right” to “copy” — it is not to “write” “copy.” A copywriter is someone who writes copy. A document is not “copywritten,” it is “copyrighted.”
- ii. According to the Copyright Act of 1976, copyright protection exists for original works of authorship fixed in any tangible medium of expression which can be communicated either directly or with the aid of a machine or device. A work does not need to be a novel or unique in order to satisfy the originality requirement. It needs only to be the original work of independent creation of the author and not copied from other works. Artistic or scholastic merit is not a prerequisite to a finding of originality. To be an original work of authorship, a work must be the product of some creative intellectual or aesthetic labor, however slight or obvious.
- iii. A copyright does not protect an idea itself, but it protects the *expression* of an idea. For example, the idea of a story about the terrors and hardships of a family in the Civil War cannot be copyrighted. But the expression of that idea in a tangible form, such as *Gone with the Wind*, is copyrightable. However, if there is only one way to express an idea, then actually that expression is the idea. Courts will not grant an author a monopoly to an idea even if it is original.

c. Acquiring a Copyright.

- i. An author obtains a copyright in a work as soon as the work is fixed in a tangible medium expression. Pursuant to recent amendments to the Copyright Act, an author is not required to register the copyright or to use a copyright notice. However, it is usually the best practice to put the general public on notice that proprietary rights are being claimed in the work. Use of a copyright notice prevents an infringing party from claiming that the infringement was innocent.
- ii. In the United States, a copyright notice has three parts: 1) the © symbol, the word "Copyright," OR the abbreviation "Copr."; 2) the year of first publication; and 3) the name of the owner of the copyright. For example: "Copr. 2018 John Doe" or "Copyright 2018 John Doe." For unpublished works, add the phrase "Unpublished Work" to the beginning of the notice. The phrase "All rights reserved" is not required but recommended as an informality.

The © symbol is preferable to the words "Copyright" or "Copr." because it complies with both the Copyright Act and the requirements of most European countries. Although additional language such as "Reproduction prohibited, except with the prior express written consent of the author" does not affect the validity of the copyright notice, it is often used as a deterrent to unauthorized copying. The copyright notice should be in an obvious location.

d. Legal Rights Granted.

- i. Copyright is spelled "right" rather than "write" because it is a legal right to copy. In fact, a copyright grants the author five exclusive legal rights. These include the rights of: 1) Reproduction; 2) Derivation; 3) Distribution; 4) Performance; and 5) Display.

1. Reproduction. The reproduction right allows the copyright owner the exclusive right to reproduce the work. However, in the case of computer software, there are certain exceptions.

2. Derivative Works. The derivation right gives the copyright owner ownership of all works which have been derived from the original. This includes all translations, modifications, condensations, or any other form in which a work may be recast, transformed or adapted. To qualify for protection as a derivative work, it must contain "some substantial, not trivial, originality." In general, a work consisting of editorial revisions, annotations, elaborations, or other modifications that, as a whole, represent and original work of authorship is a derivative work.

3. Distribution. The distribution right allows the copyright owner to prohibit others from distributing the work. However, in light of the First Sale Doctrine, once the copyright owner makes a sale of a copy of the work, the new owner is permitted to transfer that copy of the work. Selling the material in which a copyright is embodied is not the same as transferring the copyright itself. For example, if you purchase a copy of *Gone with the Wind*, you own that copy of the work, and you may re-sell it when you are finished reading it. Even though you purchased a copy of the book, you did not purchase the copyright. However, the author's right prevents the purchaser from copying the work.

4. Performance. The right of performance prevents the user from publicly performing literary, musical, dramatic, choreographic, pantomime, motion picture, and other audiovisual works. The right is not applicable to pictorial, graphic, and sculptural works or recordings.

5. Display. The right of display prevents owners of a copy of a copyrighted work from displaying that work to "more than one image at a time" For example, over terminals of a computer network.

- ii. It is important to note that the aforementioned rights are severable. Therefore, a copyright owner has complete control as to whether to sell or license all or any portion of any of the legal rights.
- iii. "Moral Rights." Authors who create works not as a work made for hire may transfer the copyright and still retain the rights of attribution and integrity. Basically, this provides that an author may retain the right to claim authorship of the work, and may prevent certain mutilations of the work. The law also provides that transferring the ownership of a copyright will not automatically transfer the rights of attribution and integrity. Those rights must be expressly and specifically transferred or waived.

e. Ownership.

- i. Ownership of a copyright can be addressed in terms of who has ownership, and for how long. According to the Copyright Act, copyright ownership "vests initially in the author or authors of the work." As a general rule, the author is the party who actually creates the work, i.e. the person who translates an idea into a fixed, tangible expression. It is fundamentally important to note that the law does not provide that the person paying for the work is the owner of the work. However, the Copyright Act carves out an important exception if the work is considered a "work made for hire." If the work is made for hire, then ownership will be in the person for whom the work was prepared.
- ii. **Works Made for Hire.** The Act defines a "work made for hire" as: 1) a work prepared by an employee within the scope of his or her employment; OR 2) a work specially commissioned for: a) use as a contribution to a collective work; b) part of a motion picture or audiovisual work; c) a translation; d) a supplemental work; e) a compilation; f) instructional text; g) answer material for a test; or h) an atlas; AND it must also be expressly agreed in writing that the work is "a work made for hire."

In other words, an independent contractor who is the author of a work owns the work, unless the work falls within one of the enumerated categories and there is a writing that identifies the work as made for hire. You could call it a "caveat-emptor" market: if you're the purchaser of a work of authorship, the burden is on you to ensure that you own the work-product. You will want to avoid the "what do you mean I don't own it, I paid for it, didn't I?" scenario. Therefore, if you are purchasing a work and you intend to own it, then consider the following:

- a. **1. Is the author an employee?** If so, then the work is made for hire and the employer will be the owner. Whether a person is an "employee" for purposes of copyright law, is a function of many factors, including: the right to control performance of the work; whether the author is in a separate and distinct occupation or business; the extent of supervision; the level of skill; ownership of equipment; length of service; method of payment; payroll withholdings; and whether the parties believed that they were creating a master-servant relationship. No one factor is controlling.
- b. **2. Is the type of work in one of the enumerated categories?** If so, and if there is also a writing describing the work as made for hire, then the purchaser will be the owner.

- iii. Often, the best way is to obtain ownership of a copyright is to have pre-development transfer language in a written agreement. For example, an agreement that the author, who would otherwise own the work, will waive all rights and assign all right, title and interest in the work to the purchaser. The writing must bind the developer and his or her heirs and assigns. Other ways include providing in the agreement that the work shall be a "work made for hire," or creating an arrangement for joint ownership of the work.
- iv. Term of Ownership. 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.

f. § 203 . [Select Summary] Termination of transfers and licenses granted by the author

(a) CONDITIONS FOR TERMINATION. — In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions: [by the author or estate]...

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant...

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(b) EFFECT OF TERMINATION. — Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other persons owning termination interests ... but with the following limitations:

(1) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(2) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of subsection (a). ...

g. Infringement.

- i. If the work is copyrightable, then the author will have obtained copyright protection at the time of fixing the work in a tangible medium of expression. Registering the copyright with the Copyright Office is not necessary to obtain copyright protection. However, if registered, a copyright owner may bring suit against an alleged infringer in federal court. Basically, the owner will have the burden to prove that the alleged infringer had access to the original and that there is a substantial similarity between or among the works in question. In computer software cases, the courts have evaluat-

ed the "look and feel" of the user interface, rather than the traditional approach of reviewing the similarity of the program code, in order to determine whether infringement has occurred. If the work is registered within three months after the date of first publication, then statutory damages and attorney fees are available. Statutory damages are between \$750 and \$30,000. If the infringement is intentional, statutory damages can be as much as \$150,000. Statutory damages, unlike actual damages, do not require proof of actual loss. The mere fact that the infringement was proved is sufficient.

- ii. If the work is not registered within three months after the date of first publication, statutory damages and attorney's fees are not available. The claimant must then prove actual damages. If the work was first published in the United States and not registered before the time of the infringement, then the copyright owner must register the copyright before filing a lawsuit.

h. Registering a Copyright.

- i. In order to register a copyright one must: 1) complete the appropriate copyright form; and 2) pay the fee, which is \$35-\$55 for online filing; and 3) the author must generally make a deposit of two copies of the "best edition" of the work in the Library of Congress.
- i. **Copyright Circulars.** The Copyright Office publishes a number of excellent primers on copyright issues, known as Copyright Circulars. <http://www.copyright.gov/circs/>
- j. **Online Registration.** The Copyright Office has an online method of registering a copyright, in its eCo system, located at <http://www.copyright.gov/eco/>. The eCo system permits online filing, storage of drafts, template creation and status review.
- k. **U.S. Customs and Border Protection Recordation.** A copyright, 19 CFR 133.31, *et seq.*, and/or trademark, 19 CFR 133.1, *et seq.*, registration, as well as trade names, can be recorded with U.S. Customs and Border Protection for the purpose of preventing the import of counterfeit goods. <https://iprr.cbp.gov/> The current fee is \$190, 20 year term. (Title 19: Customs Duties, Part 133—Trademarks, Trade Names, And Copyrights)

2. Patent.

a. The Foundation of Patent Law.

Patent law has its foundation in the Constitution of the United States. At the very inception of our nation, our forefathers recognized that the best way to encourage creativity is to give inventors legal rights to their works. Article I, Section 8, Clause 8 of the Constitution states: "The Congress shall have the Power . . . To promote the Progress . . . of useful Arts, by securing for limited Times to . . . Inventors the exclusive Right to their respective . . . Discoveries." This is frequently called the "patent clause" of the Constitution. Under this power Congress has from time to time enacted various laws relating to patents.

b. What is a Patent.

- i. Basically, a patent is a grant made by the federal government of a property right "to exclude others from making, using, or selling the invention." Generally, the term of a utility patent is twenty (20) years from the date on which the application for the patent was filed in the United States, design patents are fourteen (14) years from the date of issue. Patent protection is generally considered the strongest protection of intellectual property in the United States. Specifically, patent protection extends past

the actual expression of the invention to all functional equivalents of the invention achieved through substantially similar means.

The government grants this "monopoly" in return for public disclosure of how the invention operates. Thus, the public benefits by having the opportunity to review, and presumably improve upon, the invention, and the inventor benefits by receiving a legal monopoly on the patented work.

Design patents, unlike utility patents, are granted on the ornamental design of a functional item. Design patents are a type of industrial design right. Ornamental designs of jewelry, furniture, beverage containers, such as the coca-cola bottle, and computer icons are examples of objects that are covered by design patents.

c. **Acquiring a Patent.**

In order for a developer to obtain a patent, the work must qualify as an "invention." In this regard, the Patent Act establishes five requirements:

- i. The applicant must be the inventor;
- ii. The invention must be "patentable subject matter";
- iii. The invention must be novel;
- iv. The invention must be useful; and
- v. The invention must not be obvious, i.e. "nonobvious."

- i. **The applicant must be the inventor.** As a general rule, the person who applies for a patent must be the first person to conceive of the invention and reduce it to practice. An invention is conceived when there is a definite idea of the complete invention and all of the steps necessary to create it. An invention is reduced to practice when it is actually created or when the patent application is filed with the Patent Office.

There is an exception if a person is hired for the purpose of inventing or if employees have assigned their rights to the patent. In those cases, the employer, rather than the actual inventor, may be given ownership of the patent. In addition, if an employee used the employer's facilities in order to create the invention, then the employer may be given a non-exclusive license to use the invention through Shop Rights. The Shop Rights Doctrine provides that although the employee retains the patent, the employer has a royalty free license to use the invention.

It is also common practice for inventors to join together in developing inventions - for example when each inventor is responsible for a certain part or module. If the inventors seek a patent jointly, then each must have made some original contribution to the invention. Mere cooperation in a project will not qualify all parties as inventors.

- ii. **The invention must be "patentable subject matter."** The Patent Act lists the categories of patentable subject matter as "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" Ideas are specifically not patentable, although the application of ideas are patentable. For example, Einstein's formula "E=MC²" is merely an idea; it is not a particular concrete application of the principle of atomic energy, but the very idea itself. This is sometimes referred to as a "law of nature." A law of nature, even if written as a mathematical formula, is not patentable. It is believed that mathematical formulas are the fundamental building blocks of science and should not be monopolized.

The law provides that a patent may be granted for developments in the following categories:

- (1) Process. A process in the patent law sense is a method of producing a new and useful result. The technique does not need to be absolutely new. It may be an improvement upon existing methods, or a combination of old techniques in a novel manner.
- (2) Machine. A machine is an apparatus which will perform a function and produce a definite result. It may be simple or it may be complicated.
- (3) Manufacture. A manufacture is any article which is produced.
- (4) Compositions of matter. This may include chemical compounds and mechanical mixtures.

There are some things that the Patent Office deems as *per se* unpatentable. Some examples of unpatentable subject matter are: perpetual motion machines, laws of nature, and promotional advertising schemes.

- iii. **The invention must be novel.** To be patentable, the invention must be "novel," *i.e.* new and different from any prior processes. If an invention was previously disclosed to the public, then it is considered to be "anticipated" by the prior art—and thus, it is not novel. The Patent Office considers an invention to be previously disclosed if it was publicly known or used by others in the United States or was patented or described in a printed publication in any country more than one (1) year prior to the date of filing the application. Thus, inventors should be extremely cautious when publicly testing potentially patentable subject matter.

Novelty is a patent requirement because it would benefit only the inventor, rather than the public, if a patent were granted in exchange for disclosing information which is already public. In order for an invention to be patentable it must be new as defined in the patent law, which provides that an invention cannot be patented if: "(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent," or "(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country more than one year prior to the application for patent in the United States . . ."

If the invention has been described in a printed publication anywhere in the world, or if it was known or used by others in the United States before the date that the applicant made the invention, a patent cannot be obtained. If the invention has been described in a printed publication anywhere, or has been in public use or on sale in the United States more than one year before the date on which an application for patent is filed in the United States, a patent cannot be obtained. In this connection, it is immaterial when the invention was manufactured, or whether the printed publication or public use was by the inventor or by someone else. If the inventor describes the invention in a printed publication or uses the invention publicly, or places it on sale, the inventor must apply for a patent before one year has expired, otherwise any right to a patent will be lost. The inventor must file on the date of public use or disclosure, however, in order to preserve patent rights in many foreign countries. In other words, there is no one (1) year grace period in the United States. If the Patent Office issues a patent in ignorance of any information which would make the invention not novel, the patent could be declared invalid in litigation.

Even if the subject matter sought to be patented is not exactly shown by the prior art, and involves one or more differences, a patent may still be refused if the differences would be obvious. The subject matter sought to be patented must be sufficiently different from what has been used or described before that it may be said to be nonobvious to a person having ordinary skill in the area of technology related to the invention. For example, the substitution of one color for another, or changes in size, are ordinarily not patentable.

- iv. **The invention must be useful.** The utility requirement is derived from the United States Constitution which gives protection to "useful" arts. The utility of an invention must be affirmatively demonstrated in the patent application because otherwise the patent would give such broad protection that it would be protecting the idea itself rather than the application of the idea.
- v. **The invention must be nonobvious.** "Nonobviousness" means that the process embodied in the claim represents more than merely the next obvious step in the development of the art to which the claim relates. The difference between novelty and nonobviousness is that novelty asks whether the invention "existed" before; nonobviousness asks whether a person could or would have thought of the invention given exposure to the prior art.

That which was known before the subject matter sought to be patented is referred to as the "prior art." In order to be patentable, the differences between the invention and the prior art must not have been obvious to a person having ordinary skill in the field.

An invention may be an improvement, but every improvement is not a patentable invention. An invention need not, however, be complicated--it may be simple. Factors which may be used to determine questions of obviousness are: commercial success attributable directly to the inventive feature of the device or process, the filling of a long-felt want, and the production of a stir in the market. Commercial success, however, is by no means a requisite to patentability.

For example, an economist devised a method of avoiding taxes by using a credit card to borrow money from a 401(k) fund. The method did not exist previously and differed substantially from previous methods of tax minimization. Since the method was new and was not obvious to accountants or tax experts, the economist acquired a patent (U.S. Pat. No. 5,206,803).

d. What "Right to Exclude Others" Means.

The grant of a patent confers "the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States" and its territories and possessions. The term of the patent is generally 20 years from the date on which the application for the patent was filed in the United States or, if the application contains a specific reference to an earlier filed application under 35 U.S.C. 120, 121 or 365(c), from the date of the earliest such application was filed, and subject to the payment of maintenance fees as provided by law.

The exact nature of the right conferred must be carefully distinguished, and the key is in the words "right to exclude" in the phrase just quoted. The patent does not grant the right to make, use, offer for sale or sell or import the invention but only grants the exclusive nature of the right. That is, the patent does not grant the fundamental right to do something, but grants the right to exclude from exploiting the patentable subject-matter. Since the patent does not grant the right to make, use, offer for sale, or sell, or import the invention, the patentee's own right to do so is dependent upon the rights of others and whatever

er general laws might be applicable. A patentee is not thereby authorized to make, use, offer for sale, or sell, or import the invention if doing so would violate any law.

e. Provisional Filing and Fees.

- i. A “standard” non-provisional application, \$625, establishes the filing date of a patent application and begins the substantive United States Patent and Trademark Office (“USPTO”) examination process. However, a “provisional” application, \$125, only establishes the filing date and expires automatically after one year. A provisional application establishes a filing date at a lower cost for a first patent application filing in the United States. A provisional application allows the term “Patent Pending” to be applied to your invention. The issuance fee is approximately \$870. The maintenance fees for utility patents are due 3 1/2 years for \$565, 7 1/2 years for \$1,425, and 11 1/2 years for \$2,365 from the date of the original patent grant.
- ii. Provisional patent application (“provisionals”) have been popular in the United States since their introduction by Congress in 1994. Unlike other types of United States patent applications, a provisional is not examined by the. As a result, a provisional can be drawn to multiple inventions or include informal drawings without consequence. A provisional does not become a patent, and is automatically abandoned one year after it is filed.
- iii. A provisional requires the same amount of information as a non-provisional as held in *New Railhead*. They must both (a) include an adequate written description of the invention, (b) enable a person of “ordinary skill in the art” to make and use the invention, and (c) reveal what the inventor considers to be the best way of practicing the invention.

f. How Patented Inventions are Enforced.

A patentee has the exclusive right to make, use, or sell the invention for a period of 20 years from the date of filing the application. During this period, an infringement will occur if someone develops, or induces another person to create a work that performs substantially the same function, in substantially the same way, to achieve substantially the same result as the patented work.

If there is an infringement of a patent, the Patent Act allows: 1) injunctive relief, 2) damages which may be trebled; 3) attorney fees; and 4) court costs. The Patent Act authorizes damages “in no event less than a reasonable royalty for the use made of the invention by the infringer.” When there is an established royalty amount, there is little problem setting a minimum amount. However, if the royalties are depressed because of the infringement then the court may issue treble damages or adjust the amount accordingly.

Before damages will be granted, however, the inventor must show that the alleged infringer was on notice that the invention was patented. Notice of the patent is provided by marking the invention with the word “patent” or the abbreviation “pat.” followed by the number of the patent. Although the notice is not required to have a valid patent, if the notice has not been used, then the patent owner will be allowed to recover damages only for the period subsequent to the date on which the infringer received actual notice that the invention was patented.

3. Trade Secrets.

a. The Foundation of Trade Secret Law.

Trade secret protection originated in the first century when the definition of “kidnapping” was expanded to encompass the pirating of literary works. Throughout ancient history,

the law strictly curtailed the dissemination of trade secrets. During the Middle Ages, the guild systems evolved, under which only guild members were entrusted with trade secrets. By the seventeenth century, statutory protection for some types of intellectual property had begun to develop. In the United States, trade secret protection arose from the common law, rather than constitutional or statutory regulation. While there is disagreement as to whether trade secret protection actually evolved from the law of confidential relationships or from more basic property law principles, most courts will not allow parties to "reap where they have not sown."

b. What is a Trade Secret.

- i. Generally, a trade secret is "any formula, pattern, process or device which is used in one's business and which gives one the opportunity to obtain advantage over competitors who do not know or use it." For example, a specific computer program using generally known ideas can contain trade secrets because of the unique logic and coherence by which it is designed. In other words, while generally known concepts cannot be protected, a specific implementation involving a unique combination of general concepts may be a trade secret. Trade secret law requires only that the particular architecture of a program is valuable and that it is not a matter of common knowledge or readily duplicated.
- ii. The law of trade secrets differs substantially from both patent and copyright law. While the law of copyrights and patents is determined by federal law, the law of trade secrets is determined by state law.
- iii. Trade secrets can last forever.
- iv. Trade secret protection, unlike copyright and patents, can extend to ideas, algorithms and procedures. Therefore, trade secret protection is a very important method of protecting aspects of computer software not otherwise protectible by copyright or patent. Copyright protects the author from illegal copying of a creative work. A trade secret protects only unauthorized use when done in violation of a confidential relationship whether implied or expressed in contract.
- v. Trade secrets do not require compliance with general statutory formalities. Furthermore, a trade secret is not subject to the same requirements as a patent. There is no registration of trade secrets, and the only time that a judgment would be made whether or not a particular idea, invention, or other item of intellectual property is a trade secret is if the question should come to litigation.
- vi. Many states define a trade secret as: "The whole or any portion or phase of any scientific or technical information, design, process, procedure, formula or improvement which is: 1) of value; 2) has been specifically identified by the owner as of a confidential character; and 3) which has not been published or otherwise become a matter of general public knowledge."

By the same statute, there is a rebuttable presumption that scientific or technical information has not been published or otherwise become a matter of general public knowledge when the owner takes measures to prevent the information from becoming available to persons other than those selected to have access for limited purposes.

c. Acquiring a Trade Secret.

- i. Trade secret laws will not protect any item of information. To qualify as a trade secret, the information must have two basic characteristics: 1) it must be secret; and 2) it must provide its owner with an advantage over competitors who do not have it. Al-

so, many states add a third requirement that the information be "specifically identified" as confidential.

- ii. Generally, courts have developed a number of factors to determine whether a trade secret exists. Among these factors are the following: 1) the extent to which the information is known outside of the business; 2) the extent to which it is known by employees involved in the business; 3) the extent of measures taken to guard the secrecy of the information; 4) the value of the information to the business owner and to the competitors; 5) the expense of developing the information; and 6) the difficulty with which the information could be legally duplicated by others.
- iii. A trade secret need not be unique and may be clearly anticipated by "prior art." Nevertheless, it must be "valuable." Generally, value is a function of whether the trade secret affords the owner a competitive advantage. Courts frequently analyze the competitive advantage of a trade secret by looking at the time and effort that has gone into its development. It is the development time and money that goes into a finished product that frequently gives the owner a "head start" over competitors. The essence of trade secret law is to protect the value of this head start by requiring competitors to spend their own resources to create a competing product.

d. **Maintaining a Trade Secret.**

- i. Because a trade secret must be, in fact, a secret, businesses should take every precaution to ensure that their employees are on notice of the secret nature of the information. For example, the owner should put its employees on notice that the owner considers the information to be a valuable trade secret. A trade secret notice might read as follows:

WARNING: THIS MATERIAL IS A PROPRIETARY TRADE SECRET OF BEST SOFTWARE, INC. AND IS TO BE KEPT CONFIDENTIAL AT ALL TIMES. ANYONE WHO WRONGFULLY USES OR DISCLOSES THIS INFORMATION MAY BE SUBJECT TO CIVIL AND CRIMINAL PENALTIES.

The trade secret notice should be in an obvious location. In cases of software development, the owner should program the software so that the notice is displayed to the user: 1) at sign-on/startup; 2) continually at every menu screen; 3) in hardcopy printouts; and 4) as a data element during memory dumps or decompiling. The notice also should be on the diskette label and throughout the humanly readable source code. Providing such notices should comply with the state criminal statute requirements for notification of trade secrets.

Also, anyone who does not directly work with the trade secrets should not have access to the secrets. Employers should use passwords, restrict access levels and generally secure storage. Although a shredder often has negative implications, it is a valuable method to ensure that company secrets are not being removed from the trash.

ii. **Restrictive Covenants.**

- a. One of the best methods to ensure that employees understand the secret nature of certain materials is to have a written agreement. It should be noted, however, that employees will often be considered to have obtained the information as a secret even without a written agreement, if it is reasonable that the employee should have known of the confidentiality. As a result, even without specific contractual provision, employees must generally respect the confidentiality of his or her employer's trade secrets.

- b. Restrictive covenants may also prevent employees from pursuing their vocation after termination of employment. A covenant not-to-compete can be more restrictive than a covenant not to reveal a trade secret because the prevented competition may involve the use of information which is not necessarily a trade secret. Such covenants are not favored by the law. As stated by one court "powerful considerations of public policy which militate against sanctioning the loss of a man's livelihood."
- c. Pursuant to this strong public policy, a covenant that restricts an employee will be enforced only to if it is: 1) reasonably necessary to protect the employer's legitimate business interests, e.g. unique employee service, trade secrets or confidential customer information; 2) not unreasonably burdensome to the employee in either time or area; and 3) not harmful to the general public. If a court determines that the conditions are satisfied, then the covenant will be enforced. However, tailoring an agreement to the particular circumstances is difficult. Care must be taken to ensure that the agreement is not overbroad in scope. Also, proper language should be inserted in the agreement to allow the court to limit, rather than strike, an overbroad clause.
- d. If the agreement is signed after the employee has actually been hired, then there may be no consideration to make the agreement enforceable. Also, a too restrictive covenant could be a restraint of trade.

e. **Losing a Trade Secret.**

There are several means by which a competitor might legitimately obtain an owner's trade secret. First, the owner of the trade secret might inadvertently publicize the information—at a cocktail party, for example. If the owner or one of the owner's employees reveals the secret without any wrong-doing on the part of the one that learns it, and if there is no prior notice that the information is a trade secret which has been revealed by mistake, then the one who gains the trade secret has no liability.

A competitor is also free to "reverse engineer" the trade secret. Thus, if the competitor buys a micro chip on the open market, analyzes its design, and then builds an identical chip, there is no misappropriation of the trade secret. However, to prevent this situation, many micro chips are embedded in a protective casing before they are marketed. Destroying the case will also destroy the microchip.

There are also illegal ways to obtain a trade secret, and some of them may subject the actor to criminal prosecution as well as civil liability. One of the most complex situations involves the information that employees take from a prior job. The matter is particularly sensitive when such employees have been made to sign a nondisclosure, non-competition agreement with their former employer, and yet are being hired because of skills and knowledge demonstrated in their previous work. When hiring new employees, it is always good practice to have them represent that they are not misappropriating any proprietary information from a former employer.

f. **Misappropriation and Remedies.**

- i. Trade secret cases often involve multiple pleading that include contract law, quasi-contract law, unjust enrichment, tort and conversion law, unfair competition and confidential relationships. In many states, it is a crime if a person:
 - a. 1. by force or violence, or by putting the owner in fear, takes from the owner any article representing a trade secret; or willfully and maliciously enters any

building or other structure with the intent to obtain unlawful possession of, or access to, an article representing a trade secret; or

- b. 2. intends to wrongfully deprive of, or withhold from the owner, the control of a trade secret, or intends to wrongfully appropriate a trade secret for his or her own use, or for the use of another, or unlawfully obtains possession of, or access to, an article representing a trade secret; or
- c. 3. having lawfully obtained possession of an article representing a trade secret, or access thereto, converts such article to his or her own use or that of another person, while having possession thereof or access thereto makes, or causes to be made, a copy of such article, or exhibits such article to another.

In order to prove the above, the owner might show that the competitor did not have the information prior to his or her firing the former employee and that a substantial bonus or salary increase was offered because of the former employee's special knowledge.

The owner of a trade secret may seek relief from a court if he or she believes that the trade secret has been, or is about to be, misappropriated. For example, an injunction may be sought to prevent a former employee from using the trade secret in the employee of another company.

4. **Trademark.**

a. **What is a Trademark.**

- i. Trademarks originated as devices to identify in the marketplace the craftsmen responsible for producing goods for sale. The medieval European practice of inscribing the name or mark of the manufacturer is the direct antecedent of our modern federal trademark law. As a result, trademark law evolved more naturally in the business place as a means of identifying the origin of goods or services. Also as a result, the manner in which a business acquires a trademark is different from other forms of intellectual property such as a copyright or patent. Most significantly, trademark law does not find its authority in the federal or state constitutions, but at common law in the courts.
- ii. Notwithstanding the fact that trademark law exists without any relevant statute, the federal and various state governments have passed statutes to clarify trademark law. Congress obtained its power to pass the various trademark acts by means of Article I, Section 8, Clause 3 of the Constitution, which provides: "The Congress shall have Power . . . To regulate Commerce . . . among the several States . . ."
- iii. A trademark can be any word, symbol or device that is adopted and used by a business to distinguish that business's goods or services from those of another business. "Trademark" is a generic term used to describe both trademarks, which are available for goods, and service marks, which are available for services.

It is that association—between a symbol and the origin of the goods or services—that makes a trademark valuable. Because McDonalds chose and adopted a trademark early in its business, and used it consistently, the golden arches have become one of McDonalds most valuable assets. McDonalds now derives substantial revenue merely from licensing the use of its trademarks to franchisees.

b. Acquiring a Trademark.

- i. Rights in trademarks accrue on the date of first actual use. Therefore, a business should be somewhat careful to document the first date when a trademark is publicly used with its goods or services anywhere, and also the date when the trademark is used in interstate commerce. An important exception is that the revision to the federal trademark law permitting "intent-to-use" conditional applications for registration. If a business is reasonably confident that it intends to use a trademark in interstate commerce, then the more expensive intent-to-use applications may afford protection of a trademark not otherwise available.
- ii. Trademarks are recognized independently by the state and federal governments.
- iii. Generally, a business will obtain state trademark rights as soon as the trademark is properly used in commerce. A business will obtain federal trademark rights as soon as the trademark is properly used in interstate commerce.
- iv. A registration of the trademark is not required—although it is usually advisable. Therefore, prior to using a mark in commerce, a business should be reasonably prudent to determine whether a mark is available for use.
- v. Simply stated, a copyright protects authorship, a trademark protects the reputation of the origin of products and services. These are distinct protections.
- vi. Trademarks can last forever.

c. Questions.

Following are basic questions that businesses should evaluate when deciding to acquire a trademark:

i. Is the trademark available?

- a. A mark that has been selected by a business to be used as a trademark may not always be available for trademark protection. There are two basic reasons: a) the mark is generic; or b) the mark has already been adopted and used by another business.
 - **Determine whether the mark is generic.** A generic mark is a mark that is or becomes actually the name of the thing itself.
 - **Determine whether the mark been used by another business.** As in so many areas of the law, first in time is first in right. If another business has already used a similar mark for similar goods or services, then often the best advice for a new business is to choose a new mark.

The only way to obtain some assurance that a trade name, logo or other trademark has not been adopted anywhere in this or any other state is to perform a trademark search. The cost of a search generally ranges between \$250 and \$500 per trademark. If that seems to be expensive, consider how much it costs to develop a reputation for quality goods and services over the years, and then to find out that business cannot be expanded with that trade name or logo because it would infringe on another's trademark.

It is important to note that obtaining a fictitious name registration, or a state incorporation certificate, does not grant trademark rights. State cor-

poration bureaus merely permit a business to operate as an entity. Trademark infringement is a separate issue.

ii. What types of goods or services are to be sold?

As a general rule, rights in trademarks exist for types of goods or services. For example, an apple may be the trademark of Apple Computer and also the trademark of Apple Records. The basic reason is that the public would probably not be confused into thinking that an Apple Computer was made by Apple Records.

iii. When were the goods or services sold, or are expected to be sold?

Rights in trademarks accrue on the date of first actual use. Therefore, a business should be somewhat careful to document the first date when a trademark is publicly used with its goods or services anywhere, and also the date when the trademark is used in interstate commerce.

An important exception is that the federal trademark law permits "intent-to-use" conditional applications for registration. If a business is reasonably confident that it intends to use a trademark in interstate commerce, then the more expensive intent-to-use applications may afford protection of a trademark not otherwise available.

iv. Where have the goods or services been sold?

Trademarks are recognized independently by the state and federal governments. Generally, a business will obtain state trademark rights as soon as the trademark is properly used in commerce. A business will obtain federal trademark rights as soon as the trademark is properly used in interstate commerce. A registration of the trademark is not required—although it is usually advisable.

d. Legal Rights Granted.

- i. There are two types of registrations: state and federal.
- ii. Whether one or both registrations is advisable is a function of the costs and benefits of each registration. As stated, rights accrue on the actual use of the trademark in commerce. However, the scope of the rights is usually limited to the market territory where the trademark is actually used. Therefore, without more, a business would have to do business nationally, in every market, to obtain complete national trademark protection.
- iii. The benefits of a state registration vary with the law of each individual state. Generally, state registrations cost about \$400 - \$600 per registration. Most often, state laws do not afford any more protection than already available without a state registration, *i.e.* protection in the actual market territories within the state. However, state registrations are usually entered into computer databases that are nationally available; thus, it may act as a deterrent to another business that is performing a trademark search. Furthermore, a state registration may provide evidentiary value in future trademark litigation. It is important to note that state registrations are usually filed by state-office administrative staff who do not perform any research to determine if the trademark is actually available for use.
- iv. There are many benefits of federal registration. The usual application fee is \$275 for an electronic filing. On average, the total cost per trademark, including search fees and legal fees, is usually about \$1,500. If a someone opposes the registration, fees

can be substantially more. Following submission of a federal application, a trademark examining attorney will perform research to confirm that the trademark is available and that the application is otherwise proper. If there are no problems, then the trademark will be published in the Official Gazette, which is a national publication reviewed by interested parties, such as trademark attorneys. For a period of 30 days following the date of publication, the public is given the right to oppose the registration if a registration would infringe upon a similar mark in which the opposer has interest. If there are no oppositions, then the examiner will issue a registration. The process generally takes about 12 months. Even a registration does not guaranty that the trademark is available, but, if registered, the law provides many procedural and substantive advantages not otherwise available.

- v. Even if a mark is federally registered, it can be challenged by a “cancellation” action. After a federal registration is five years old, it can be claimed to be “incontestable” and thereby claim a status that prevents certain types of challenges.
- vi. It is common practice for a businesses to use the "TM" symbol (or "SM" for service marks) to alert the public that a trademark is being claimed. While use of that symbol does not convey any rights, it is good practice. After a *federal* registration, the business should then use the ® symbol to signify that the trademark as registered. However, care must be taken with use of the non-registered symbols: use of those symbols is an admission that a trademark is claimed and can be used as such in an infringement action. For example, if I use TM on my labels, but I am an infringer, and if I get sued, it will be difficult to argue that the plaintiff has a generic mark when I, myself, was claiming common law trademark rights in the mark.
- vii. Dates of Use/Specimens. Trademarks must be used in commerce, as evidenced by specimens. If a mark ceases to be used in commerce, there is a risk of abandonment, which can be shown by intent or, more clearly, action that denotes intent. The use of registered and unregistered trademarks remains a function of usage, likelihood of confusion and reputation, but registered marks must be maintained pursuant to the respective statutes that govern the registration. The Trademark Manual of Examining Procedure (TMEP), <http://www.uspto.gov/web/offices/tac/tmep/>, is the best source of information on the standards for review during the application process, including for citation in responses to office actions.
 - a. There are two important dates of use: the first date of use anywhere, and the date of use in interstate or foreign commerce. The latter date cannot be earlier than the former date. Interstate commerce is required for federal jurisdiction.
 - b. Generally, the mark must be used with the good or services. For goods, the first date of a bona fide sale provides an excellent date of use. However, sometimes a sale is not required, such as when bona fide demonstration and test goods bearing the mark were used in commerce, even if not sold. For services, the mark merely needs to be on advertisements for the services; however, the advertisements must identify the services claimed in the application. For example, letterhead with the mark will not satisfy the requirement unless the letterhead also has the services designation, such as "Banking Services," "Home Inspections," etc.
 - c. Do not let your client make a "token" sale of goods to secure a date of use. Intent-to-Use applications have been available since 1988. Prior to that time, "token uses" were often used to secure a date of use. A "token use" is not a bona fide use, but usually an isolated use for the purpose of securing the statutorily-required date. Because Intent-to-Use applications are available, practitioners must be careful to persuade clients to assert only a bona fide sale in the ordinary course of business.

If a mark has not acquired distinction in the marketplace, a practitioner should be aware that it may have the option to amend the application to the Supplemental Register. The Supplement Register is not afforded the presumptions of a Principal Register registration, but does permit use of the ® symbol; and the registration can be moved to the Principal Register after the applicant can show secondary meaning in the marketplace, presumed after five years.

e. Recognizing Types of Trademarks.

There are four categories of marks, irrespective of the particular embodiment in which the mark exists:

- i. generic;**
- ii. descriptive;**
- iii. suggestive; and**
- iv. arbitrary.**

- i. **Generic.** Generic marks are not available for trademark protection because generic marks are generally the very name of the product or service. For example, a business could not trademark "spoons" for a type kitchen utensil, although it has been registered for restaurant services.
- ii. **Descriptive.** Descriptive marks describe the goods or services. For example, "The Computer Store" for a computer store describes the services offered. Descriptive marks are presumptively not trademarkable. However, descriptive marks are available for trademark protection if the mark has acquired distinctiveness through the use of continuous and exclusive use of the mark, generally for a five-year period.
- iii. **Suggestive.** Suggestive marks suggest the nature of the goods or services, but require imagination, thought and perception to reach a conclusion as to the actual nature of the goods or services. Suggestive marks, even if partly descriptive, are trademarkable. For example, "Coppertone" for suntan lotion suggests some of the features of the product, but requires imagination to develop the association.
- iv. **Arbitrary (Fanciful).** Arbitrary marks are the best marks and are clearly available for trademark protection. For example, the term "Kodak" does not otherwise have any relation to photographic equipment.

f. Confidently Selecting Trademarks.

New businesses often choose descriptive marks because it allows potential customers to immediately know the type of goods or services offered for sale. However, a new business is usually well-advised to adopt and to use trademarks that are arbitrary.

Marks can be embodied in words, logo and/slogans. Domain names can be trademarks and can certainly infringe on a trademark right. Similar to state registrations of corporate names, domain names are ministerially granted without regard to trademark review. When there is a domain name that is infringing on a mark, there is a strategic decision regarding how best to resolve the issue. One option is to use the administrative process through Internic, with an administrative review. The other option is to bring a judicial action under the available state and federal statutes in a court of proper jurisdiction and venue.

Generally speaking, if the would-be defendant is actually doing legitimate business, this firm's practice tends to be filing in federal court to acquire local jurisdiction. It also permits a definitive action requiring immediate priority of attention by the defendant. Domain names can be viewed at godaddy.com, with a "whois" search that indicates ownership.

i. Research and Clearing Proposed Names for Registration.

- a. The ultimate goal of researching and clearing a proposed name for registration is to ensure that: a) you are not infringing upon another person's intellectual property; and b) you can protect and claim ownership of the proposed name. You cannot perfectly guarantee, in advance, that any name you choose will not infringe another's rights, or that you will ultimately be able to claim exclusive rights to a name.
- b. Consider if the Disney descendants decide to start selling copyrighted artwork they have *personally painted* with their "Disney" name on it. What confuses the marketplace will always be contextual.
- c. Working with indefinites, intellectual property attorneys have developed business processes to minimize risks associated with researching and clearing names. If you are a business professional, you should not be put off that your attorney cannot guarantee that a word, logo or slogan is able to be registered as a trademark. If you are an attorney or other legal professional, you should be very careful, as stated below, from communicating anything that creates a client expectation that a mark is able to be registered.

ii. Basic Rules.

Following are certain basic rules to remember when selecting names:

- a. **Rule No. 1: Clearance by the corporations bureau for a corporate or "assumed" fictitious name does not indicate that the name is valid for trademark purposes. THE NO. 1 ACCOUNTANT MISTAKE!**

Background. The establishment of a commercial enterprise is generally regulated by the state government in which the enterprise is located. State law, rather than federal law, generally applies to the formation and governance of an enterprise, *eg.*, a proprietorship, general partnership, corporation, limited partnership, limited liability company.

Proprietorships and general partnerships can be formed without any prior filing with the state government. They are formed by operation of law, in light of the circumstances. Other entities need to be formed by filing documents with the state government as a precondition; these entities generally include corporations, limited liability companies and limited partnerships (distinguished from general partnerships). The difference between a general partnership and a limited partnership is that the partners in a general partnership are personally liable for the acts of the partnership. A limited partnership is a partially limited liability entity: a limited partnership consists of at least one limited partner and at least one general partner; any limited partner has no personal liability, but any general partner is personally liable for the acts of the partnership. The reason is that the general partners, and not the limited partners, manage the partnership.

Even though proprietorships and general partnerships can be formed without any prior filing with the state government, state governments generally require that the name of the enterprise be registered with the state government as an "assumed" name, also called a "fictitious" name. The exception to this rule is, intuitively, that a fictitious name registration is not required if business is being conducted in the full legal name of all individuals interested in the business. The exception is the rare case, and almost unheard of in partnerships. When was the last time you heard of a partnership named "John Doe, Jane Doe and John Smith"? Proprietorships and partnerships are "unlimited liability entities" because each owner is liable for all debts of the enterprise. There is no legal distinction between the business and the human being(s) involved in the enterprise. The theory underlying the law is that persons doing business with another person who is using a false, or fictitious, name can review the corporation bureau registry to learn who are the true individuals that are obliged to perform or to pay.

Think of it this way, you are hit by a truck, as it rolls by you, you look up and see "Joe's Fish." You want to sue. To determine who owns "Joe's Fish," you do a state corporation bureau registry search. Might you have to search every state's registry? Yes. Might the owner of "Joe's Fish" have violated the law and not registered the false name? Yes. So be it. Law is art, not science.

Generally, fictitious names are disclosed in contracts under the designation "t/d/b/a," "trading and doing business as"; e.g., Gregg R. Zegarelli t/d/b/a Acme Enterprises. This means, Gregg R. Zegarelli does business using the name "Acme Enterprise" but it is he who is personally responsible. If Acme Enterprises, Inc. is a corporation, contract party designations should not indicate Gregg Zegarelli t/d/b/a Acme Enterprises. This is often a landlord's trick to try to create personal liability where a corporation would otherwise prevent pass-through liability.

Unlike a fictitious name, usually, any enterprise that is formed by filing with the corporation bureau has the name approved as an integral part of that process. In other words, when a corporation is formed, the name is approved as part of that process and no fictitious name filing is required for that name; this is distinguished from a proprietorship or general partnership. States may vary.

A corporation or other limited liability entity, a legal person, can do business with multiple names. If so, the company must file a fictitious name. For example, "International Business Machines Corp." could arguably have a fictitious name for "IBM" or "Big Blue" or any other name in which it does business. To digress a bit, you need to distinguish the difference between a fictitious name

and a trademark. My usual question to clients is, "Do you answer the telephone with that name?" Therefore, post analysis, International Business Machines would probably have a fictitious name registration for "IBM," but probably not for "Big Blue." However, "Big Blue" may be a trademark. Without the fictitious name registration, the business known as "IBM" could be any business using that designation. By the way, that is the fundamental difference between a trade name and a trademark.

Corporate and limited liability entities do not need to place legal notices of the fictitious name filing; only if a natural person (a human being) is an owner does the filing need to have legal notices in a newspaper of general circulation and the legal journal in the appropriate county. From a cost perspective, fictitious names are rather inexpensive at \$70 in Pennsylvania at the time of this writing, but, if a natural person is a party to the registration, then legal notices are required. This will generally triple the out of pocket costs.

State Clearances. The Commonwealth of Pennsylvania uses a standard of review called "**technical distinctiveness.**" This standard is easy, mechanical and permits market confusion. However, it apparently satisfies the Commonwealth's business goal of simplistically tracking different business entities. For example, "Microsoft Corp." is technically distinct from "Microsoft Services Corp."

Technical distinctiveness may be a minimum standard for the state's need to track entities, but it is of no use for trademark analysis. If you call the corporation bureau of most states and ask if the corporate name "Microsoft Home Systems Services" is available, it probably is available. But, if you incorporate with that name, you will be sued. Simply stated, the state corporation bureau will let you infringe.

Therefore, as a very solid general rule, do not use state corporate name approvals as determinative of whether a name is "owned" or the trademark is acquired. State governments generally do not interface with the United States Patent and Trademark Office.

Scenario 1: Charlie Doe calls his accountant, rather than his attorney, to establish a business, named "MicronSoft." The accountant wants the "extra" business. The accountant, says she'll "check to see if the name is available." The accountant calls the Pennsylvania Corporation Bureau. The Corporation Bureau says that the name is available. The accountant incorporates the business.

For three years, Charlie spends hundreds of thousands of dollars building the business with advertising materials, brochures and product manufacturing investments. Just when Charlie was doing a fantastic business, he receives a cease and desist letter from Micron Computers, and incidentally, at the same time, from Microsoft. Now threatened with litigation, Charlie calls his attorney.

Charlie tells the attorney that he checked the name and it was cleared for use. He thought he "owned" the name because the accountant "said so."

The attorney's response... "Sorry, Charlie. We have a problem."

Scenario 2: Charlie Doe calls his accountant, rather than his attorney, to establish a business, named "MicroWildMen, Inc." (I am, of course, assuming this is a unique name...) The accountant, says he will "check to see if the name is available." The accountant calls the Pennsylvania Corporation Bureau. The

Corporation Bureau says that the name is available. The accountant incorporates the business.

For three years, Charlie spends hundreds of thousands of dollars building the business with advertising materials, brochures and product manufacturing investments.

Charlie is at a wild cocktail party when he see Gregg, the business attorney. Gregg receives Charlie's card with the name of the business, but the name lacks the "®" symbol, so Gregg asks, "Interesting name, Charlie. Is it a federally registered trademark?" Charlie says, "Well, I don't really know too much about all of that, my accountant told me that I own the name." Gregg offers, "Well, Charlie, you are not a client of mine, so I cannot advise you, but I would be glad to check the federal registry status for you at my cost." Charlie loves getting free legal work (or so he thinks), and so Charlie gladly accepts.

Gregg determines that an application for a federal registration of the mark was never filed.

Charlie then engages Gregg to do research and get that mark filed immediately. However, Gregg determines that in the three years that passed, there are 25 other users of the mark. It seems that when Charlie was just doing some local business, some business people from other states passing through heard the name, loved it, copied it and used it in areas where Charlie does not have a prior reputation.

Again, "Sorry, Charlie. We have a problem."

True stories. And, each one more than once.

The First Mistake: Relying on Incorrect Team Member. Unless an accountant is also an attorney, do not acquiesce to the accountant to perform "business" services such as an incorporation. The tax code is a law to which both accountants and some attorneys frequently refer; however, accountants are not generally trained in liability questions and the intricacies of the corporation and trademark statutes. Further, intellectual property is not always intuitive. Most lawyers known as "general practitioners" are knowledgeable in many areas of law, but usually are not otherwise knowledgeable in areas of trademark and copyright law; it is prudent to run some formative issues by an attorney who regularly practices in the intellectual property field. It is the purpose of this seminar to leverage your knowledge to handle certain issues and/or acknowledge that the issues exist.

The Second Mistake: Relying upon Corporation Bureau. When the accountant called the Corporations Bureau, the Corporations Bureau merely checked to see if there was a pre-existing limited liability entity on record for tracking purposes. The Corporations Bureau did not check any other state's records, nor did the corporations bureau check the USPTO records.

Whether the name "Micronsoft" was a federally registered trademark, or confusingly similar to "Microsoft" or "Micron," is not part of the Corporation Bureau's review or approval process.

The Fictitious Name Party Room. Confusion occurs because of the word "approved" by the state agencies. The business name is merely "approved" as a business name for tracking purposes. In fact, for the state to even try to review

names on a substantive basis would be extremely time consuming and the foundation for much litigation.

This problem is compounded by the fact that "corporate" names are "**exclusive**" in that the Corporation Bureau will not permit the name to be used by another business after it has been "acquired" by a limited liability entity, such as a corporation.

Even so, however, the Corporations Bureau does not give exclusivity on fictitious names. Therefore, an unlimited number of unrelated persons can be doing business with exactly the same fictitious name, which can be a serious trademark problem, and one for which the Corporations Bureau does not accept responsibility.

Exclusivity of name is granted by the Corporations Bureau for limited liability entities, such as a corporation. Again, this is on a technical distinctiveness standard. No two limited liability entities, such as corporations, for example, can have exactly the same name. Also, the corporate designator, "Incorporated," "Limited," "Company" and "Corporation," and the abbreviations thereof, "Inc.," "Ltd.," "Co." and "Corp." are immaterial to the evaluation of names.

When a limited liability entity, such as a corporation, acquires a corporate name, no subsequent fictitious names, or limited liability entities, will be permitted to file for that exact same name. If a limited liability entity, such as a corporation, is the first to acquire the name, it will prevent subsequent exact same name filings (again, the corporate designator is immaterial), but only at the state level and this has no bearing on trademark rights.

If a limited liability entity, such as a corporation, files for a corporate name after, let us say, there are five prior fictitious name filings with the same name, then the corporation locks the door on the name behind it. Everyone in the "party room" stays in, but no one else can get in with that name. The corporation locked the door behind it.

Nevertheless, everyone in that business name party room have the same name! No fun there.

- b. Rule No. 2: Clever name spellings and incidental additional terms on a name are not determinative of whether you can use a name. Do not over-analyze channels of commerce. Trademark review is based upon a "confusingly similar" standard. This is not a technical analysis.**

A frequent layperson's response to review constraints is to create cleverly fancy spellings for names. Do not do it to try to avoid infringement. "Disnee" equals "Disney."

It is a very simple rule, but very difficult to obtain assurance. Just ask yourself, "Is it likely that the public would be confused and/or think there is an affiliation?" If you hear "Krispy Kreme" or "Crispy Cream" over the radio, you can be confused.

Sometimes channels of commerce are important in the review; but, this type of an analysis is often very finely honed and not casual. Channels of commerce often cross. Simply stated, this is merely a corollary for the proposition that the marks are not confusingly similar. For example, consider whether "Red Stick" for lipstick is confusingly similar to "Red Stick" for bubble gum.

The standard is not only confusion, but untrue association!

c. Rule No. 3: Determine if the name is not available.

The first two rules constrain the natural inclinations for something desired. Do not rely on the state, and do not try clever work-arounds. Rule No. 3 is purposefully stated in the negative. As stated above, you cannot really determine if a name is available, but you might be able to determine that it is certainly not available.

Following are steps that are logical in many circumstances, but it is contextual. For some marks, it makes more sense to start with the USPTO search.

Step 1. Domain Names. Domain names used to be incidental. They are now crucial. In today's market, if you select a company name and/or product name and you are able to obtain the .COM domain name -- without any clever spellings -- there is an excellent probability that you will be able to secure the trademark registration. The ".com" extension is the litmus test. However, acquiring the .org, .net, etc. are far less valuable; it is less intuitive.

Remember, picking a strangely-spelled domain name or a one-off extension (e.g. .net, .org, .us) can have two fundamental problems: a) people will forget the spelling/extension and go to the wrong place, possibly your competitor; and b) if the preferred domain name is owned by a competitor, you might obviously be an infringer or selecting a domain name that makes infringement more obvious by your conscious work-around.

The prior registrant of the domain name may merely be "squatting" which is currently illegal under the Trademark Cyber-piracy Prevention Act.

If the domain name is in use, evaluate the channel of commerce and make a determination regarding the probability of confusion. Sometimes it is better to move to a new mark at this point, particularly if the Internet is a major sales channel.

Godaddy.com is an excellent site on which to check the availability of a domain name. Search the name, then perform the "WhoIs" lookup option.

Step 2. Bing, Google or Other Search Engine. Sometimes this is combined with the domain name search. This process is as simple as going to www.bing.com or other search engines of your choice and searching on the mark you intend to acquire. This is often a very rough cut, but it gives you a method to see what is in the marketplace. Often, Examining Attorneys at the USPTO do the same thing, so you need to know.

More than I prefer to admit, a client will provide a mark that the client seeks to register. One simple google search demonstrates that mark is a common family name, name of a city, etc., with hundreds or thousands of hits. When I say to the client, "Hey John, I thought you said this was a clean mark." The response is invariably something like, "Yes, there's nothing out for these type of widgets sold on Sundays, from Pittsburgh to Tallahassee, um, with a hyphen in the mark in the plural."

Step 3. Corporation Bureau. Many states now have official websites that allow for searching. Go to the corporation bureau of the state in which the entity is to be formed. A google search on something similar to "Pennsylvania corporation bureau" will usually yield a link to the office state site. Remember, in ac-

cordance with the above, this review is only to see if the name can be used to form an entity. See exhibits for a reference to the Pennsylvania website.

Step 4. USPTO.gov. In the old days, c.1995, only professional services and expensive professional subscription services were available for performing trademark research. The USPTO now allows searching online at www.uspto.gov. This website allows for online searching; there are also facilities for online filing and procedural manual review. This is a free service and it is very valuable. We often counsel clients to go onto the website and to search their intended mark before handing the research to our firm. Unlike years ago, smaller business clients do not need to pay huge fees to iterate through an "is this new one okay" back and forth.

When searching, remember that a "yes" and a "no" are not equal. Let us use an example. You are at a party. You are trying to find Gregg. You ask ten people, "Is Gregg here?" They respond, "no." You ask the eleventh person the same question, she responds, "yes, he's right there." The ten "no's" do not equal one "yes."

Same with trying to find a prior use of a mark. One confirmation is better than ten non-confirmations. If you find something, it is there. If you do not find it, it might still be there. Therein is the essence of the inherent difficulty with assuring a client a clear prior use history to a mark.

If prior users (called a "senior users") exist, you know they are there, but not finding anyone does not mean they do not exist, just that you might not have found them. Contend with all that you find by analyzing the details, but always understand that you may not have found it all.

- iii. **Giving Opinions.** An "opinion" is a term of art in the legal profession. To render an opinion, particularly in a written opinion, is effectively to ensure the advice to the point, in some contexts, of a guarantee. Paralegals should not use the term; attorneys should avoid the term. Sometimes people tend to self-puff by using that term; it has a professorial ring: "Well, Mr. Wentworth, it is my learned opinion that the trademark is available." Do not do it.

Some larger firms have a rule that no writing shall contain the word "opinion" unless approved by committee. BEWARE OF EMAILS. With ever-increasing reliance on email, formality has tended to minimize in client/attorney relations. Remember that an email can be viewed as an opinion. Our firm's practice is not to write opinion letters. Most opinion letters are filled with caveats and exceptions. Our firm tends to merely identify what we found, to indicate verbally our "thoughts" in a forthright manner, but to formally write the disclaimer. We tend to promise less and perform more.

A drowning person will grasp at anything. The client will certainly blame the advisor, if the client's expectation was that the mark would issue. Whether a registration issues, and whether a registration process is easy or difficult can rest on the nature and inclination of the Examining Attorney: just like any court. Ask a seasoned litigator, and he or she will tell you that the exact same case can have two completely different postures and results depending upon the judge. Even if you think the mark is fantastic, with no prior uses, do not verbally say more than something like, "The search results look good. I think we can be comfortable. There are no guarantees, but, we'll do our best for you." Then, in writing, send the disclaimer.

- a. **Cease and Desist Letters/Preparation for Litigation.** Remember, "First in Time is First In Right." A first in time use beats a federal registration. However, "first in time " is relevant only within the territory of use, with some arguable expansion area. Filing a federal trademark application becomes constructive use throughout the United States, if the application ripens to a registration. Be very careful with a prior user who has not filed a federal trademark application, but has a prior interstate usage.

To help our clients visualize how priority operates, I often use the following example: Imagine every use prior to a federal application for registration is a filled black circle on a map of the United States, with the circumference of the black circle being the territory of use of the respective prior users. A subsequent federal registration is like laying a yellow sheet of paper over the map. The registrant gets everywhere yellow and nowhere black. Of course, the goal is to be first to file for a federal registration before anyone actually uses the mark. Therefore, the entire map is yellow without any black circles.

Rule No. 1. If you are not sure that you have absolute priority of use for a mark, be very careful about sending a cease and desist letter.

Do not send out a cease and desist letter just because you have a trademark registration. A registration is a presumption, but not conclusive. If the recipient has senior rights to you, you have just noticed the recipient with cause to sue you!

As stated above, until a registration becomes "incontestable," a mark registration can be challenged for lack of distinctiveness and any other irregularity. In effect, a registration is somewhat "soft" for the first five years. The theory is that a registration is very powerful, and if no cancellation or other litigation is established within five years, the mark has acquired sufficient goodwill to eliminate challenge. A registration does not wipe-out prior users of the mark.

Rule No. 2. Do not send a cease and desist letter unless you are prepared to litigate the case.

When you send a "cease and desist" letter, you are indicating to the recipient to "stop or else." The "or else" is usually a threat of a lawsuit. Once you threaten the recipient with a lawsuit, the recipient usually will have a basis to file a lawsuit for declaratory relief. The risk of the recipient filing a lawsuit is particularly problematic in light of Rule No. 1, or any questionable claim. Since plaintiff picks the forum, sending a cease and desist letter to someone in California, when you and your client are in Pennsylvania, puts you at risk of being sued in a foreign jurisdiction. It is very difficult to explain to a client that, in the course of protecting the mark, you are now a defendant in a remote jurisdiction.

g. The Federal Application.

The steps for an application for a federal registration are basically as follows below. Timing varies widely, but below are reasonable averages.

Actual Use	Intent to Use	Time
File Application	Same	Day 1
Assigned to Examining Attorney	Same	3 - 4 months
PTO Review; First Office Action	Same	+3 months
Final Review; Notice of Publication	Same	+2 months
Publication	Same	+2 months
Oppositions, if filed	Same	+ 1 year

Approval: Register in Due Course		+2 months
	Approval: Notice of Allowance	+2 months
	Statement of Use Issues	+3 months
	Register in Due Course	+2 months

The fee is currently \$275 or \$325, per class (depending upon details of the claim methodology), for electronic filing and \$375, per class, for paper files, but, unless particular client strategy constrains otherwise, to describe the goods and services broadly which may cover multiple classes, assuming the classes are generally available. This way, if there is a fatal problem, only one filing fee is lost. If the Examining Attorney permits additional classes, then the additional class fees can be paid at that time. This may slow down an application, because it ensures an office action, but the effective risk is whether there would have been an office action anyway for some other reason.

h. **U.S. Customs and Border Protection Recordation.** A copyright, 19 CFR 133.31, *et seq.*, and/or trademark, 19 CFR 133.1, *et seq.*, registration, as well as trade names, can be recorded with U.S. Customs and Border Protection for the purpose of preventing the import of counterfeit goods. <https://iprr.cbp.gov/> The current fee is \$190, 20 year term. (Title 19: Customs Duties, Part 133—Trademarks, Trade Names, And Copyrights)

i. **Monitoring Services.**

Monitoring services are automated processes to check to see if, for example, similar trademarks have been filed with the United States Patent and Trademark Office. Our firm developed and branded the MarkAssure service, markassure@markassure.com. On a subscription basis, clients and counsel get automated emails notifying them of any problematic files. MarkAssure is now available to other firms on a subscription basis.

j. **Social Networking Posts Considered as Advertising, Endorsement, or Testimonial.**

- i. Corporate policies should require that, if employees promote or endorse company products or services, their relationship must be clearly and conspicuously disclosed. The Federal Trade Commission’s recently-updated guidelines on endorsements and testimonials in advertising, codified at 16 C.F.R. § 255, impose liability on endorsers and companies for failure to make required disclosures about “material connections,” such as payments or employment relationships, that exist between endorsers and the speaker.
- ii. Federal Trade Commission’s Endorsement Guidance. See Federal Trade Commission, “FTC Publishes Final Guides Governing Endorsements, Testimonials” (Oct. 5, 2009), available at <http://www.ftc.gov/opa/2009/10/endortest.shtm>; see also Federal Trade Commission, “Guides Concerning the Use of Endorsements and Testimonials in Advertising,” available at <http://www.ftc.gov/os/2009/10/091005revisedendorsementguides.pdf>.
- iii. Companies inviting public endorsement through Facebook, Twitter, LinkedIn, and other social media will be held to certain standards regarding the endorsement.

B. The Non-Traditionals.

1. **Social Media.**

- a. Potential Claims Against Employees:
 - i. Defamation

- ii. Misappropriation of Trade Secrets
 - iii. Breach of Fiduciary Duty
 - iv. Breach of Contractual Confidentiality Agreement
 - v. Copyright, Trademark Violations
- b. Potential Claims Against Employers:
- i. Fair Credit Reporting Act
 - ii. Employment Discrimination
 - iii. Retaliation – Protected Activity
 - iv. NLRA Violation – Concerted Activity
 - v. Invasion of Privacy
- c. Employment Decisions and Social Media.

Information on the Internet can be helpful or dangerous for employment decisions. This is true both for employers seeking to find information and employees who do not keep certain information private. See Social Media Research + Employment Decisions: May Be a Recipe for Litigation, Labor & Employment Law Blog (Jan. 21, 2011), <http://www.laboremploymentlawblog.com/306160-print.html>.

Employers are naturally tempted to use social media to review job candidates. Employers should be cautious because of information such as age, race, or disability that open the employer to discrimination claims. At the same time, employers want to ensure potential employees will reflect well on the company. Options including outsource social media background searches or firewalling the searches to ensure the person making the hiring decision only has the relevant information.

- i. Survey data indicates substantial percentages of employers are doing so. See, e.g., CareerBuilder.com, Forty-Five Percent of Employers Use Social Networking Sites to Research Job Candidates, CareerBuilder Survey Finds, Aug. 19, 2009, available at http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?id=pr519&sd=8%2f19%2f2009&ed=12%2f31%2f2009&siteid=cbpr&sc_cmp1=cb_pr519_&cbRecursionCnt=1&cbsid=6a40c4a869044991bf9c6f933cd930a-319894625-we-6.
- ii. Federal, state, and local non-discrimination statutes, common laws and local ordinances, prohibit employers from taking into account, in any employment action, including hiring, the applicant's age, race, national origin, gender, pregnancy, disability and medical condition, and, in many states and municipalities, sexual orientation, gender identity, and family status.
- iii. There are two general solutions to the use of social networks as a source of information on prospective employees:
 - a. Do not use those tools.
 - b. Hire a neutral third party to conduct the search and filter out all illegitimate information before providing the business-relevant data to the hiring manager. http://www.opinionresearch.com/what_emp.shtml.
 - c. As a practical matter, a "second best" alternative is to designate a member of management involved in hiring decisions as the "screener" of social media, responsible for searching for publicly available information on potential candidates online and releasing only proper information, possibly by comparative matrix.

- iv. Sometimes what is permissible can vary based upon the size of the company. It may also depend on whether it does business, directly or indirectly, with government entities, which may impose additional non-discrimination or affirmative action requirements upon employers who supply them with goods and services.
 - v. Employers with more than 15 employees are subject to Title VII of the Civil Rights Act, which prohibits discrimination on the basis of race, color, religion, sex (including pregnancy) or national origin (including characteristics of a national origin or perceived national origin, or the fact that a candidate does not speak English as a first language).
 - vi. Employers with 15 or more employees are subject to the Americans with Disabilities Act, which requires them to refrain from asking about a prospective employee's disability — the existence or severity thereof.
 - vii. All employers with more than 20 employees are prevented from making employment decisions, including hiring, on the basis of a candidate's age, pursuant to the Age Discrimination in Employment Act.
 - viii. Employers, regardless of how many employees they have, are subject to the Genetic Information Nondiscrimination Act of 2008 (GINA). The Act prohibits group health plans and health insurers from denying coverage to a healthy individual or charging that person higher premiums based solely on a genetic predisposition to developing a disease in the future. The legislation also bars employers from using individuals' genetic information when making hiring, firing, job placement, or promotion decisions.
 - ix. Certain government contractors are prohibited from discriminating against an employee on the basis of his or her veteran status.
 - x. Many states prohibit employment discrimination on the basis of an individual's sexual orientation, gender identity, and/or familial status.
 - xi. Documented processes should be implemented regarding the decision-makers in the hiring process and maintained for two years following the completion of the hiring process.
- d. News and Publications
- i. With respect to the discipline line of cases, the NLRB Acting General Counsel's Report indicates that social media posts that can be reasonably be interpreted as acting with or on behalf of other employees will be protected, regardless of any otherwise offensive content. [http://www.employerlawreport.com/uploads/file/OM_11_74_Report_of_the_Acting_General_Counsel_Concerning_Social_Media_Cases_doc\[1\].pdf](http://www.employerlawreport.com/uploads/file/OM_11_74_Report_of_the_Acting_General_Counsel_Concerning_Social_Media_Cases_doc[1].pdf)
 - ii. ACLU letter to Maryland Division of Correction Letter from Deborah A. Jeon, Legal Director, American Civil Liberties Union of Maryland, to Secretary Gary D. Maynard, Maryland Department of Public Safety and Correctional Services (Jan. 25, 2011), <http://www.aclu-md.org/aPress/Press2011/collinsletterfinal.pdf>. This letter mentions two possible claims arising from the Department's policy, namely, violations of the Stored Communications Act (SCA) and invasion of privacy for requiring social media information.
 - iii. Michael Clarkson, Human Resources and Employment Law Implications of Social Networking, morganbrown.com (2009), available at

<http://www.morganbrown.com/docs/Social%20Networking%20Article%20%28final%29.pdf>.

- iv. Meredith Levinson, Social Networks” New Hotbed for Hiring Discrimination Claims, CIO (Apr. 18, 2011), http://www.cio.com/article/679830/Social_Networks_A_New_Hotbed_for_Hiring_Discrimination_Claims?page=2&taxonomyId=3123.
- e. Recommendations, Conclusions:
 - i. Set up a procedure for conducting social network searches on prospective employees.
 - ii. Appoint a screener for each position, responsible for researching applicants online and through social media, who is familiar with the non-discrimination laws that apply to filter the information.
 - iii. Be aware of applicable laws.
 - iv. Keep records of this process for two years following the filling of the position.
- f. Termination.
 - i. **Use of Social Media in Employee Discipline and the Employee’s Expectation of Privacy**
 - a. Employees release personal information that may be used by employers in disciplinary proceedings, investigating the integrity of an employee’s request, carrying out investigations into harassment or workers’ compensation claims, and assessing employee productivity.
 - b. The “expectation of privacy.” Employment policies should eliminate guesswork, including information made public online and that “public” may be defined as “accessible to other employees.”
 - c. The “False Friend” Problem. There remains some doubt about the right of privacy in a social network profile, but the direction of the law is reasonably clear. The New York Bar Association’s Committee on Professional Ethics issued the following opinion on the matter, as it relates to lawyers:
 - “A lawyer who represents a client in a pending litigation, and who has access to the Facebook or Myspace network used by another party in litigation, may access and review the public social network pages of that party to search for potential impeachment material. As long as the lawyer does not ‘friend’ the other party or direct a third person to do so, accessing the social network pages of the party will not violate Rule 8.4 (prohibiting deceptive or misleading conduct), Rule 4.1 (prohibiting false statements of fact or law), or Rule 5.3(b)(1) (imposing responsibility on lawyers for unethical conduct by nonlawyers acting at their direction).”
 - In a 2010 New York case, *Romano v. Steelcase*, 907 N.Y.S. 2d 650 (N.Y. Sup. Ct. 2010), dealing with a claim for personal injuries, including “loss of enjoyment of life,” the judge granted the defense access to evidence from the plaintiff’s Myspace and Facebook accounts including private and all deleted information.
 - In a 2009 New Jersey case, *Pietrylo v. Hillstone Restaurant Group*, 2009 WL 3128420 (D. N.J. Sept. 25, 2009), servers at a Houston’s restaurant created a password-protected Myspace group for the purpose of providing a fo-

rum to discuss and complain about their common workplace. The content of the discussion posted in the forum was sometimes sexual in nature, sometimes offensive, and almost always derogatory as it related to the employer's workplace. A manager "convinced" one of the staff to provide him with access to the group and began monitoring the posts. The end result was the termination of employment of the servers, who reacted by filing a lawsuit on the basis of violation of their privacy rights, and wrongful termination in violation of public policy. The District Court ultimately sided with the employees and found that the company violated privacy laws (including the federal Stored Communications Act) since the group was password-protected, and the employee had only provided a password under duress.

- g. Privacy Question Remains Unclear
 - i. This is a new area of law. Contextual balancing of interests. *Romano* granted discovery, *Pietrylo* indicates that perhaps an employee will have a protectable privacy interest in information that he has specifically shared with a controlled group online.
- h. Conclusions on the Employee's Expectation of Privacy
 - i. Consider investigating an employee's social networking activities when the employee has claimed a right to leave.
 - ii. When the employer is involved in litigation surrounding such a claim, even private social networking information may be discoverable and admissible.
 - iii. Carry out a traditional investigation without "bullying" or "spy" tactics to gain access to password-protected sites where employees gather virtually.
- i. Employee Postings
 - i. The employee made comments on her MySpace page threatening violence, which she had made known to many of her co-workers. May become a common situation where employees post threatening comments about their employers to social media. *Nguyen v. Starbucks*, No. CV 08-3554, 2009 U.S. Dist. LEXIS 113461 (N.D. Cal. Dec. 7, 2009) (granting defendant's motion for summary judgment where employee failed to produce evidence showing an issue of material fact) .
 - ii. John Holmquist, Facebook and employers: new ways to get information about employees, Michigan Employment Law Connection (Feb. 28, 2011), <http://www.michiganemploymentlawconnection.com/2011/02/facebook-and-employers-new-ways-to-get.html>, <http://www.michiganemploymentlawconnection.com/2011/04/facebook-and-nlr-part-2.html>.
- j. Several law review articles have addressed these issues.
 - i. Robert Sprague, Fired for Blogging: Are There Legal Protections for Employees Who Blog? , [http://www.law.upenn.edu/journals/jbl/articles/volume9/issue2/Sprague9U.Pa.J.Lab.&Emp.L.355\(2007\).pdf](http://www.law.upenn.edu/journals/jbl/articles/volume9/issue2/Sprague9U.Pa.J.Lab.&Emp.L.355(2007).pdf).
 - ii. Katherine M. Scott, When is Employee Blogging Protected by Section 7 of the NLRA?, 2006 Duke L. & Tech. Rev. 17 (2006), <http://www.law.duke.edu/journals/dltr/articles/pdf/2006DLTR0017.pdf>.

- iii. Molly DiBianca, Employee Fired When Her Sex Blog is Discovered by Her Boss, The Delaware Employment Law Blog (May 13, 2010) <http://www.delawareemploymentlawblog.com/2010/05/employee-fired-when-her-sex-bl.html>. Sex blogging after hours and terminated.
- k. The “Facebook Firing” Case and Related Cases – Under What Circumstances Will Employment/Handbook Policies on the Use of Social Media Constitute an Unfair Labor Practice?
 - i. On November 2, 2010, the NLRB filed a complaint against American Medical Response of Connecticut, Inc. (AMR), also known as the “**Facebook Firing**” case. The NLRB alleged that (1) AMR’s handbook policy regarding blogging, internet posting, and inter-employee communications was overly broad; and (2) AMR had unlawfully terminated an employee under said policy for posting and responding to critical comments on Facebook about her supervisor. On February 7, 2011, the NLRB announced that the case settled, and that AMR agreed to (1) revise its policy to ensure that it does not improperly restrict employees from discussing their wages, hours, and working conditions with coworkers and others while not at work, and (2) refrain from disciplining or discharging employees for making such disclosures. The NLRB’s press release regarding settlement is at: <http://privacyblog.littler.com/uploads/file/NLRB%20press%20release%20re%20AMR%20settlement.pdf>. Updated by August 18, 2011 Acting General Counsel. [http://www.employerlawreport.com/uploads/file/OM_11_74_Report_of_the_Acting_General_Counsel_Concerning_Social_Media_Cases_doc\[1\].pdf](http://www.employerlawreport.com/uploads/file/OM_11_74_Report_of_the_Acting_General_Counsel_Concerning_Social_Media_Cases_doc[1].pdf)
 - ii. On February 7, 2011, American Response of Connecticut, Inc. (ARC) settled a case brought against it by the National Labor Relations Board (NLRB), wherein the NLRB alleged that ARC’s social networking policy was unlawfully broad and could have a chilling effect on employees’ rights to organize. The policy in question read, in pertinent part: “Employees are prohibited from making disparaging, discriminatory or defamatory comments when discussing the Company or the employee’s superiors, co-workers or competitors.”

An employee of ARC, Dawnmarie Souza, used her Facebook page to criticize her supervisor, and her comment drew supportive responses from her co-workers. Her employment was consequently terminated for violation of the policy. The NLRB filed a complaint, stating that Souza’s Facebook posts amounted to protected concerted activity, and that AMR’s social networking policy constituted an unlawful interference with employees’ right to “engage in concerted activities for the purpose of collective bargaining,” which is their Section 7 right.

Since the case was settled, there is no binding precedent to guide employers in revisions to their social networking policies. However, the ARC settlement specifically provided that ARC would revise its policies to ensure that “they do not restrict employees from discussing their wages, hours and working conditions with co-workers and others while not at work, and that they would not discipline or discharge employees for engaging in such discussions.” The lesson is clear: social networking policies should include explicit language expressing the intent of the policy to stop short of restricting an employee’s exercise of her Section 7 rights in limiting her employment-related speech online.

- iii. On February 4, 2011, the Connecticut State Employee Association/Service Employees Int’l Union filed an unfair labor practice charge against Student Transportation of America (STA), a Connecticut Bus Company, claiming that STA violated Section 8(a)(1) of the NLRA by maintaining certain policies in its employment handbook, including a policy which prohibits, among other things: The use of electronic com-

munication and/or social media in a manner that might target, offend, disparage, or harm customers, passengers or employees; or in a manner that might violate any other company policy. A copy of the charge form in the STA case can be found at: <http://www.laborrelationstoday.com/uploads/file/34-CA-12906.pdf>.

l. DoD Policy on Use of Social Media

- i. Deputy Secretary of Defense, Responsible and Effective Use of Internet-based Capabilities, Directive-Type Memorandum (DTM) 09-026 (Feb. 25, 2010), available at <http://www.defense.gov/NEWS/DTM%2009-026.pdf>.

m. OMB Guidance on Agency Use of Social Media

- i. Cass R. Sunstein, Social Media, Web-Based Interactive Technologies, and the Paperwork Reduction Act, White House Office of Information and Regulatory Affairs (Apr. 7, 2010), available at http://www.whitehouse.gov/omb/assets/inforeg/SocialMediaGuidance_04072010.pdf.

n. Discoverability and Admissibility of Social Networking Sites

- i. Privacy concerns were overridden by the fact that plaintiffs had already shared the information “with at least one person.” <http://www.canlii.org/en/on/onsc/doc/2009/2009canlii6838/2009canlii6838.pdf>.

- ii. The Ontario Superior Court of Justice ordered a plaintiff in a motor vehicle suit to produce copies of her Facebook pages. The defendant successfully argued that the pages were likely to contain photographs relevant to the plaintiff’s damages claim, and was buttressed by the fact that the plaintiff had served photographs showing herself participating in various forms of activities. The court concluded granted access by weighing analysis.

- iii. Jury Instructions at <http://goingpaperlessblog.com/2010/06/15/discovery-of-social-media-profiles> (June 15, 2010). <http://goingpaperlessblog.com/social-media-in-the-legal-profession>. <http://www.al.com/news/birminghamnews/metro.ssf?/base/news/1256026558309710.xml&coll=2> (“After U.S. District Court Judge Scott Coogler seated jurors to hear the case of Birmingham Mayor Larry Langford, he gave them an extra instruction: no tweeting during the trial. Judges typically tell jurors not to talk about the trial or read or listen to information about it, but the warning over electronic communication is a fairly new one.”)

- iv. *Crispin v. Christian Audigier, Inc.*, 2010 U.S. Dist. LEXIS (C.D. Cal. May 26, 2010), in which the court confronted the issue of the discovery, via subpoena, of social network sites themselves. In *Crispin*, the court delineated the three types of information contained on social network sites, as follows:

- a. Information made public via a social network—e.g., Facebook or Twitter postings.
- b. Information not readily available to the general public via option privacy settings.
- c. Private messages between users of the sites, with the site serving merely as a conduit for the private communications.
- d. The court continued, noting that of the above three, only the first may be discoverable via subpoena: “Those portions of the...subpoenas that sought private

messaging are therefore quashed. With respect to the subpoenas seeking wall postings, however, the court concludes that the evidentiary record...is not sufficient to determine whether the subpoenas should be quashed.”

- v. *Moreno v. Hanford Sentinel*, 172 Cal. App. 4th 1125 (Cal. Ct. App. 5th App. Dist. Apr. 2, 2009). An author who posted an article on MySpace claimed invasion of privacy and intentional infliction of emotional distress when the defendant submitted to the article to the defendant newspaper, which republished it. The republished article included the author’s name, unlike the MySpace posting, and it was included in the letters to the editor section of the newspaper. The article explained that the plaintiff despised her hometown. After republication, the author’s family received death threats. The court dismissed plaintiff’s claim for invasion of privacy because she had publicized her opinions on MySpace, relinquishing any reasonable expectation of privacy. Nor was her name a private fact: her identity, the court found, was “readily ascertainable” from her MySpace page, which contained her picture, and the principal was able to attribute the article to her from the original source. The principal, according to the court, was only giving further publicity to “already public information.”
- vi. *Barnes v. CUS Nashville*, Order, No. 3:09-cv-00764 (M.D. Tenn. May 27, 2010). An initial order directed Facebook to produce information from the Facebook account of a nonparty witness. Facebook appeared and moved to set aside the order. The magistrate judge agreed with Facebook that the Secured Communication Act (SCA) prohibits Facebook from disclosing the materials sought in the order.
- vii. Lori Paul, Paralegal Practice Tip: How to Subpoena MySpace and Facebook Information, *PARALEGAL BLAW BLAW BLAW* (Oct. 10, 2009), <http://lorijpaul.com/?tag=litigation>. MySpace requires that you provide the user’s unique friend ID number or url. The friend ID number is located in the url line. For example, within the url <http://www.myspace.com/index.cfm?fuseaction=user.viewProfile&friendID=6221&Mytoken=20050518161358>, friend ID 6221.
- o. Social Networking Posts Considered as Advertising, Endorsement, or Testimonial:
 - i. Corporate policies should require that, if employees promote or endorse company products or services, their relationship must be clearly and conspicuously disclosed. The Federal Trade Commission’s recently-updated guidelines on endorsements and testimonials in advertising, codified at 16 C.F.R. § 255, impose liability on endorsers and companies for failure to make required disclosures about “material connections,” such as payments or employment relationships, that exist between endorsers and the speaker.
 - ii. Federal Trade Commission’s Endorsement Guidance. See Federal Trade Commission, “FTC Publishes Final Guides Governing Endorsements, Testimonials” (Oct. 5, 2009), available at <http://www.ftc.gov/opa/2009/10/endortest.shtm>; see also Federal Trade Commission, “Guides Concerning the Use of Endorsements and Testimonials in Advertising,” available at <http://www.ftc.gov/os/2009/10/091005revisedendorsementguides.pdf>.
 - iii. Companies inviting public endorsement through Facebook, Twitter, LinkedIn, and other social media will be held to certain standards regarding the endorsement.

p. Drafting Policies

i. Overview

Social media, which generically includes similar professional online networking, such as LinkedIn, represents a new challenge for employers, because of how it is relied upon and used, and the extreme visibility outside of the company. Consider the following examples for which the circumstances have been changed to protect against further republication.

- Example: A high-profile executive lands in a particular city and smugly posts on Twitter, “This city is a dump.” The problem: the city is the corporate home to a corporate partner who relies upon the image of the city for revenue production, one of the executive’s employer’s most important relationships.

Amplifying the risk, once information is conveyed, there is a significant probability that the information will be indexed (forever) for search purposes, and could be picked up by larger media and governmental enforcement agencies.

- Example: When two employees at a national pizza chain were bored one evening, one filmed the other sticking a piece of cheese up his nose and then placing it on food. Demonstrating the pure irreverence of the act, they then posted the video on YouTube. More than half a million hits later, the pizza chain had a public relations nightmare and a Health Department inquiry. The individuals were criminally charged with intentional food contamination.

In light of the magnitude of users, there is a high probability that, if you are looking for someone online who is generally socially or professionally active, that person will have a Facebook and/or LinkedIn presence. It is now commonplace to research any new contact online, whether a potential client, employee or neighbor. What you can find online and why it might have been published can tell you a lot about a person.

- Example: A national governmental elected official voluntarily tweets a picture of himself in his underwear to a potential mistress. There are two issues: the published fact, and the fact that the person himself would have published it. Donald Trump commented that it is one thing to have a marital affair, which is wrong, and it is downright stupid to have tweeted it.

When any person is using the company brand, the company needs to be vigilant. Company brands can be valuable and actions that bring that brand into disrepute, even for an unrelated act, can significantly decrease value. A company employee disparaging activities, even if somewhat “private,” even if true, or a company employee who is brought into criminal media attention. People reflect the brand, and the brand reflects the people.

A social media policy is often recommended for businesses to manage use of the company brand forum. That is, to the extent that the company name is used for any reason, there is a claim to a legitimate interest by the company. A company may not want to completely eliminate the use of social networks, because employees can sometimes be some of the best users given their company knowledge. However, the substantive content and appearance of an employee post or profile made outside of the scope of his or her employment duties can raise a number of legal and other problematic issues.

To regulate, but not to eliminate use of online networking with the company brand, maintaining the potential benefits of social networking employees, companies should seriously consider having an employee social media policy in place. Such as other types of employment policies, a social networking policy should be tailored to the specific business at issue. Depending on the nature of the business, there could be a number of topics to explore in constructing a social media policy.

ii. The Questions

Crafting the policy: The Questions

There used to be unwritten rules of gentry, simply act with discretion and courtesy toward others, and in a respectful manner regarding oneself and others. But, all these toys just tends to make children of us all.

- The inherent problem is that social networking is a cultural phenomenon for young adults. It can be so engrained in new workers that a limitation will only inspire contradictory machinations and destroy loyalty and morale. Young talent will just find a way around it or leave to work for a company with less restrictions.
- Businesses are learning that social networking, used properly, can be an effective business tool. Having your employees involved in the community can enhance the company's reputation and bring in more business — so long as it is managed.
- Employers need to exert some control over how these sites are used. People tend to push the limits. As anyone knows who has litigated an unemployment compensation issue, it is difficult to blame employees for violating rules that do not officially exist. You need a social networking policy that explicitly lays out what is permissible, both on the company's network and outside of it if they are using company identities.
- Even blocking social networking sites does not address working from home, so you a social networking policy is still recommended.

With that in mind, here are important questions:

- a. Does social networking have any applicability to your business, or could it?** This needs to be answered in the new context. To answer in a conclusory manner that that there is no applicability begs the question.
- b. What is the categorical scope: During work and not during work?** These are two difference interests and each has different implications. For example, during work, the employer is paying for employee time and attention; accordingly, has a specific interest in controlling behavior. During non-working hours, the interest is not cause-based, but only effect-based. That is the employer no longer controls the incidents of cause, time and equipment; accordingly, the interest is becomes limited to the result. Does the policy include access social networks from their personal mobile devices during work hours? If you prohibit social networking, how will you monitor it?
- c. If you permit employees to social network at work, do you want to limit it to work-related conduct, or permit limited personal use?** How you answer this question depends on how you balance productivity versus marketing. Define

“reasonable use” of social networks on company computers is expected, and that this should take place during lunch or break times. But, remember, you are opening the door to the usage.

- d. **Do you want employees to identify with your business when networking online?** Employees should be made aware that if they post as an employee of your company, the company will hold them responsible. You could simply require that employees not affiliate with your business. Possibly differentiate between a private and public profile. Remind employees that although their time spent social networking is restricted during work hours, the content that they post and the activity in which they engage may have consequences in the workplace, even if posted after hours from the employee’s home computer.
- e. **How do you define permitted behavior?** Employees should understand that what they post online is public, and they have no privacy rights in what they put out for the world to see.
- f. **How will social networking intersect with your broader handbook policies?** Employment policies do not operate alone. Employees’ online use can violate other corporate policies. Drafting a social networking policy should be part of a revisiting of other policies.

iii. Policy Points

As you start to draft your policy anything less than total prohibition, you need to draft within some constraints:

1. Request Review Before Posting, Connecting

Companies could encourage employees to seek review of certain social media behavior (postings and/or the content of any online profiles) by the company first for advice or even approval. While requiring every relevant post to be “pre-approved” could prove cumbersome, some type of common-sense language may help to encourage open dialog on “close” calls. In other words, when in doubt, employees should not post before checking with the company.

2. Make Responsibility Clear

Companies should make clear to employees that it is the employees who are solely and legally responsible and liable for posts made outside of the company’s request. If employees commonly use work-related computer systems and hardware for personal use, an additional clarification may be wise stating that employees are responsible for any online activity conducted with a company e-mail address, and/or done through the use of a company computer system and/or hardware.

3. Restrict Use of Intellectual Property

Social media behavior should not appear as if it is endorsed or approved by the company. Accordingly, companies should consider restrictions on how the company’s trademarks and other intellectual property are used, including not registering company names and marks as components of usernames or other login identifiers. If employees want to list their employment in profiles, they should limit the listings so the profiles do not appear as if they originate from official company representatives or spokespersons. In no way should employees propose or conduct any business on behalf of the company.

4. Mandate Professionalism

Companies should require that all content distributed through social networks is accurate, and should be fact checked as needed. Companies should also strive to ensure that social media interactions are conducted professionally. The behavior should not be critical of competitors or used to engage in online arguments. The behavior should not contain personal attacks. In this vein, companies should require that if an employee notices a negative or inaccurate post about the company, he or she should avoid responding to it and should alert company management.

5. Require Relationship Disclosure

Corporate policies must require that, if employees promote or endorse company products or services, their employee status must be clearly and conspicuously disclosed. The Federal Trade Commission's recently-updated guidelines on endorsements and testimonials in advertising.

6. Prohibit Illegal, Abusive Uses

Social media behavior should not violate any laws or regulations, but companies would still be wise to include such language in their corporate policies. Companies could also include in this section prohibitions on behavior that infringes the intellectual property of other parties. Employees should not engage in spam or other problematic conduct such as hacking or uploading viruses, for instance. Employees should avoid any behavior that could create a hostile work environment. Employees should use good judgment, and should do their best to avoid any behavior that would reflect poorly on the company.

7. Set Privacy Expectations

A corporate social networking policy should prohibit employees from posting the names, photos, or other personally identifiable information of other individuals, especially fellow employees, without proper permission.

8. Set Restrictions on Data, Information Sharing

To protect assets and maintain image, corporations should specifically bar employees from using social networks to disclose, whether advertently or not, any sensitive financial or other confidential or trade secret information about the company or any other company, person or entity. This may include information about upcoming product/service releases, sales data, finances, employee statistics, company strategy, and any other information that has not been publicly released by the company. Employees should also not discuss securities and related issues. This includes any behavior that could in any way misrepresent the financial status of the company.

9. Prevent or Limit Endorsements by Employees

A strong social networking policy will prohibit employees from providing recommendations about colleagues or former colleagues without first seeking company approval. In the case of former colleagues, the recommendations may be inconsistent with the company's position. Similarly, the corporate policy should restrict employees' online, networked responses to a journalist's request for an interview or comments on a specific issue. Use agreements for post-employee covenants.

10. Set Standards as Objectively as Possible, and Set Forth the Subjective Standards

To the extent that objective standards can be established, the company should establish them. More subjectively, companies should make the general standards known and require that employees use good judgment when posting a link to a third-party site.

iv. Concepts

- a. **The Internet is not anonymous, nor does it forget.** Everything written on the web can be traced back to its author one way or another and very easily. Information is backed up often and repeatedly, and posts in one forum are usually replicated in others through trackbacks and reposts or references.
- b. **There is no clear line between your work life and your personal life. Always be honest and respectful in both capacities.** With the ease of tracing authors back from their posts and the amount of information online, finding the actual identity of a poster from a few posts and a screen name is not impossible. This creates an avenue for outside parties to link your personal writings to those you've done in a professional capacity. Always write as if everyone knows you. Never write anything you would not say out loud to all parties involved.
- c. **Avoid hazardous materials.** Do not post or link to any materials that are defamatory, harassing or indecent.
- d. **Don't promote other brands with our brand.** Do not promote personal projects or endorse brands, causes or opinions when posting from a company account. Be sure to respect third party copyrights. If a personal opinion must be posted, clearly state to all readers that it does not represent the opinions of company. You may not sell any product or service that would compete with any of your company's products or services without permission in writing from the president. This includes, but is not limited to training, books, products, and freelance writing. If in doubt, talk with your manager and the president.
- e. **Maintain confidentiality.** Do not post any confidential or proprietary information in regards to company or its clients.
- f. **Do not retaliate.** If a negative post or comment is found online, do not counter with another negative post. Instead, publicly offer to remedy the situation through positive action. Seek help from the company in defusing these types of situations. On the web, retorts breed retorts, and it tends to get worse.
- g. **Respect Privacy.** Speak respectfully about the company and our current and potential employees, customers, partners, and competitors. Do not engage in name calling or behavior that will reflect negatively on your company's reputation. Note that the use of copyrighted materials, unfounded or derogatory statements, or misrepresentation is not viewed favorably by your company and can result in disciplinary action up to and including employment termination.
- h. **Legal Liability.** Recognize that you are legally liable for anything you write or present online. Employees can be disciplined by the company for commentary, content, or images that are defamatory, pornographic, proprietary, harassing, libelous, or that can create a hostile work environment. You can also be sued by

company employees, competitors, and any individual or company that views your commentary, content, or images as defamatory, pornographic, proprietary, harassing, libelous or creating a hostile work environment.

Remember, use of information on social media sites can certainly be a release of confidential information, even if disclosed from memory: “In the present case there is no dispute that the customer data of the plaintiff company was both confidential and highly valuable, and the court *en banc* so found. Whether this information was embodied in *625 written lists or committed to memory is, we believe, of no significance; in either case the data are entitled to protection.” *Morgan’s Home Equipment v. Martucci, et. al.*, 136 A.2d 838 (Pa. 1957), *citing, Macbeth-Evans Glass Co. v. Schnelbach, supra; Belmont Laboratories Inc., v. Heist*, 1930, 300 Pa. 542, 151 A. 15; *See, also, Boylston Coal Co. v. Rautenbush*, 1925, 237 Ill.App. 550; *Colonial Laundries v. Henry*, 1927, 48 R.I. 332, 138 A. 47, 54 A.L.R. 343; *J. L. Cooper & Co. v. Anchors Securities Co.*, 1941, 9 Wash.2d 45, 113 P.2d 845; 2 Callmann, *op. cit. supra* at 844.

v. Rules and Interests

The following are fundamental points, rules. If an employee or potential employee disagrees with any of these points, there is a major disconnect that may cause not to start the employment relationship.

- **Rule No. 1. The Company has an interest in protecting its reputation and the use of its intellectual properties, brands, copyrights and trademarks.**
- **Rule No. 2. The Company has an interest in managing use of its assets, technologies and equipment.**
- **Rule No. 3. The Company has in interest in managing as to how an employee’s time is used, which is paid by the Company.**
- **Rule No. 4. The Company is entitled to coordinate its marketing efforts.**
- **Rule No. 5. The Company is entitled to coordinate its current clients.**
- **Rule No. 6. The Company is entitled to coordinate its current employees.**
- **Rule No. 7. The Company is entitled to coordinate potential and former clients, as it relates to management of current business.**
- **Rule No. 8. The Company is entitled to coordinate and potential and former employees, as it relates to management of current business.**

Other than the above, the Company does not intend to limit unrelated use of social networking.

As a company develops its policy, most of the requirements and individual policies will fall within protecting its interests. If there is disagreement with any of the above, there will be contention on the policies. Certainly, Rule No. 8 is important to the employee and more broad, since it purports to control.

Sample Policies

Employee Policy. Metadata is hidden data contained within electronic documents and things. It is the policy of this firm that each attorney and staff member, on his or her own volition without additional supervision, must remove all metadata and hidden content from transmissions of electronic documents and things to third-parties. Disclosure of metadata risks disclosure of confidential and proprietary information of the firm and/or its clients, as well as risks disclosure of client privileged information and workproduct. Improper disclosure is a violation of this firm's express employment policy. If an attorney of this firm receives metadata from a third-party in a matter governed by the Rules of Professional Conduct, the attorney must contact his or her supervisor on the matter; if the matter is not supervised, the attorney must comply with the Rules of Professional Conduct and to call an appropriate Ethics Hotline for additional information if appropriate. In every case, notwithstanding coordination with the supervisor, each attorney is individually responsible for ultimate compliance with his or her license within the applicable jurisdiction. In all cases, the manner in which to deal with the receipt of metadata from another attorney or another third party may be governed by substantive rules of law. This policy does not apply to the extent of applicable law or court order to the contrary, such as, but not limited to, during the proper production of documents or things.

Client Engagement Policy: The firm is pleased to have the capacity to communicate with its clients and third parties by electronic mail and other electronic facilities. At times, such communication can significantly reduce the cost of your legal services. However, because ultimate security for such communication systems remains unsure, unless we agree otherwise in writing, you hereby consent and authorize the firm to use, and you agree to hold the firm harmless arising from, related to or in connection with using, electronic mail and the transmission of electronic documents and things, including, but not limited to, in non-encrypted form. For this purpose, formatives of the term "encrypt" include any form of secure transmission, including password protection; the term "electronic mail" includes any form of electronic communication and/or transmission of electronic documents or things. Your consent includes transmission with you and/or third-parties. We must advise you that, custom and convenience notwithstanding, there are serious risks associated with the use of electronic mail and the transmission of electronic documents and things, and, more particularly, if not encrypted. Each client of the firm must make the decision regarding the use of electronic mail and/or encryption in light of the client's particular circumstances, budget and risk aversion. Any use of encryption by the firm or you at any time shall not imply that any other use is implied or required. Your request to prevent the firm's use of electronic mail or transmission of electronic documents and things, or to require the firm's use of encryption, must be absolute and clearly expressed by you in writing and acknowledged in writing by the firm; moreover, any such request is prospective only. The firm is not in the position to advise you as to whether this policy is ultimately in your best interest, and you are encouraged to seek independent advice. If you choose to require the firm not to communicate by electronic mail and/or to require the firm to use encryption, upon your advance written request, the firm will estimate any additional time and cost to you for us to do so and will respond in writing accordingly.

Confidentiality; Privacy.

Confidentiality. Confidentiality in a law office is considered to be of absolute paramount importance. In the course of your employment, you will learn of or see confidential, secret and valuable assets of COMPANY relating to its clients, client lists, forms, publications, marketing plans, internal operating procedures, financial statements and other trade secret information (the “Confidential Information”). COMPANY has invested substantial time, money and effort into developing the Confidential Information. As a result, you are expected to maintain the confidentiality of such information during and at all times after your employment with COMPANY. Under no circumstances may you remove any Confidential Information (whether or not labeled as such). **Confidential Information includes information that you have memorized or that is contained in any medium.**

All right, title and interest in the Confidential Information (including, without limitation, copyrights and patents) are and shall remain exclusively in COMPANY. All knowledge and information concerning COMPANY and the Confidential Information which you may acquire shall at all times and for all purposes be regarded as confidential and shall not be disclosed or used by you in any manner. You may not disclose or permit disclosure of the Confidential Information or any information related thereto to any person or entity. If you receive any Confidential Information, then, upon termination of your employment with COMPANY, you shall promptly return all copies of the Confidential Information to COMPANY.

Because of the importance of confidentiality, you must indemnify COMPANY for any breach of confidentiality. You acknowledge that any breach or threatened breach of confidentiality would cause irreparable harm to COMPANY and/or its clients within a very short period of time and that the remedies at law for such a breach may be inadequate. Accordingly, you agree that COMPANY and/or its clients shall be entitled to preliminary injunctive relief and other injunctive relief against any such breach, which relief shall be in addition to any and all other remedies which COMPANY and/or its clients may have at law or in equity.

Privacy. All equipment is accessible by the COMPANY and you do not have any expectation of privacy in anything performed during paid COMPANY time or on COMPANY equipment, even if the hardware, software or other functionality of the facility indicates that the information or communication is private. Many employees must share the equipment and facilities assigned primarily for your use. Without limiting the generality of the foregoing, all office equipment and facilities, including, but not limited to, the information contained in computerized format on, or distributed by means of, the computer and/or telephone equipment at COMPANY, whether directly or indirectly related to the business of COMPANY or otherwise personal to you, may be reviewed by COMPANY. Without limiting the generality of the foregoing, COMPANY may, at any time, review the content of any desk, drawer, cabinet, computer, disks, electronic mail messages or voice mail messages, even if such messages are created as private or even if other COMPANY materials, the manuals and/or technical information indicate that such messages can or will remain private. **YOU EXPRESSLY WAIVE ANY RIGHT TO PRIVACY IN THE AFORESAID INFORMATION.** Usage of network files is or may be tracked by the network software; at any time, the firm may determine the files which you have accesses. You may not access files or client documents except with good reason for the benefit of the firm. **YOU EXPRESSLY WAIVE ANY RIGHT TO PRIVACY IN AND TO ANY SOCIAL OR PROFESSIONAL NETWORKING DATA USED, AC-**

CESSED OR STORED ONLINE TO THE EXTENT THAT IT REGARDS
COMPANY, EMPLOYEES, CLIENTS, VENDORS OR AFFILIATES.

M E M O

TO: All Staff
SUBJECT: LinkedIn® Social Media Policy

LinkedIn® is a professional networking tool with an intended use as part of your employment with COMPANY. While COMPANY does not want to interfere with personal connections and recommendations, to the extent that recommendations regard or bear upon professional services offered by COMPANY or are in conjunction with COMPANY clients, COMPANY needs to coordinate the effort in the best interests of everyone at COMPANY, as a common enterprise.

Following is COMPANY's LinkedIn® policy as of this date; other online social and network policies are under review, so please understand that, because COMPANY does not have a specific policy regarding the use of other social and professional media, you should always be guided by the general policies of COMPANY, this policy, your employment agreement and the common sense to do what is in the best interests of COMPANY as your employer. You are encouraged to implement the spirit of this policy on any other online social and/or professional network.

1. **The COMPANY Online Networking Philosophy.** On the one hand, it is in COMPANY's best interest to drive business, recommendations and new accounts into COMPANY. The success of COMPANY, and the prosperity of its employees, depend upon acquiring new business and providing quality services. But, on the other hand, COMPANY must ensure that recommendations and online networking is coordinated so that COMPANY and its staff is unified with focused momentum for the benefit of COMPANY team as a whole. Although online media allows for a more efficient process, COMPANY conceptually views the online media process as if the same goals and acts were accomplished by telephone and/or letter. For example, if you become connected with a potential client and you are also connected with a competitor, it is tantamount to sending a letter to a competitor regarding your new relationship. COMPANY also needs to ensure that the professional social media usage of its staff is consistent with COMPANY overall goals and internal processes.

If you believe that any aspect of social networking would benefit COMPANY, you are encouraged to present your request to COMPANY in writing. If you believe that any portion of this policy contradicts any rights you may otherwise have by law, please contact your supervisor immediately in writing and we will duly consider making any adjustments.

2. **LinkedIn® with COMPANY Clients.** You are permitted to connect with COMPANY clients and former clients with whom you personally have provided services. However, COMPANY needs to manage the LinkedIn® recommendation and introduction processes. For example, COMPANY needs to ensure that clients and former clients do not receive multiple requests for recommendations; if one client works with multiple COMPANY staff, there is a risk that multiple staff will each request a recommendation. This could create an awkward situation for the client, as well as burden the client. Even if a client only works with one staff member, an unapproved request to a client could place the client in a position of

frustration believing that the quality of services will be leveraged against the quality of the recommendation. Therefore, COMPANY employees may not request or accepted LinkedIn® recommendations or introductions with or from clients or former clients, except with the prior written approval of COMPANY.

In the event that any employee receives an unsolicited recommendation or introduction request from a client or former client, it is important that COMPANY qualify the information. For example, if the recommendation references hiring the staff member, rather than COMPANY, or if the recommendation identifies a non-attorney as providing legal services, COMPANY must correct any misunderstanding with the client and/or the incorrect public statement. Therefore, upon you receiving notice of a recommendation or request for introduction, please forward a copy to COMPANY management for approval. If you are provided the opportunity to edit the information prior to publication, please notify COMPANY at that time.

3. **LinkedIn® with COMPANY Competitors and Competing Firms.** COMPANY competitors and competing law firms, respectively, are those who advertise or are known to otherwise []. COMPANY has determined that it is in the best interests of COMPANY that its staff does not connect with competitors, competing firms and their staff. If you or COMPANY determines that you are engaging in LinkedIn® networking with an COMPANY competitor or competing firm or any of its staff (including, but not limited to, connecting, recommendations and introductions) you must disconnect that relationship immediately. The LinkedIn® networking is continually "improving" and COMPANY believes that LinkedIn® networking introduces new management risks and costs into operations. The goal of the firm is to maximize revenue to COMPANY and minimize risk of disruption; if you believe that it is COMPANY's best interest that you have such a connection, please contact management.

4. **LinkedIn® with COMPANY Co-Workers and Vendors.** COMPANY has determined that recommendations between or among COMPANY co-workers and vendors, including former co-workers and vendors is not in the best interest of COMPANY as raises contractual enforcement, workplace and social implications that can be complex. Accordingly, the COMPANY LinkedIn® policy for COMPANY co-workers and vendors, including former co-workers and vendors, is the same as for COMPANY clients and former clients.

5. **LinkedIn® with [Judges, Witnesses, Adverse Counsel, Adverse Parties.]** COMPANY needs to ensure that it maintains a policy consistent with integrity in the legal profession. Accordingly, except as otherwise permitted in writing, COMPANY does not permit LinkedIn® connections with judges, witnesses, adverse counsel, adverse parties and/or any person inappropriate pursuant to the applicable rules of professional or industry conduct.

6. **LinkedIn® General Policies and Handbook Coordination.**

- a. In order to manage the this LinkedIn® policy, it is required that you maintain a LinkedIn® connection with your supervisor, and that all of your connections remain visible for review.
- b. You are encouraged to implement the spirit of this policy on any other online social and/or professional network; however, at this time, this policy is implemented and mandatory only for LinkedIn.®

Consider that today's standards of indexing permit someone to locate you by your name possibly easier than through a reference to COMPANY.

Employee social networking profiles and personal blogs that are open to viewing by your colleagues at work or customers or business affiliates of COMPANY (e.g., "Public Profile"), particularly if you reference COMPANY, should be free of material that could be viewed as offensive, obscene, harassing, sexually oriented, threatening, or intimidating. Examples of such materials include, but are not limited to, sexually-based text and pictures, and material that might offend individuals of different genders, sexual orientations, disabilities, religions, races, or national origins. You may not use your Public Profile to disclose or discuss personal information about, or to disparage, the COMPANY, a colleague, a customer, vendor, or an affiliate of COMPANY.

Remember, everything you publish online is published and indexed. If you are an espoused hater of certain genders, races, colors or creeds, with that being known on the Internet worldwide, any customer may review that information and it will reflect upon the COMPANY whether or not you use the COMPANY name.

- c. Nothing in this policy is in derogation of COMPANY's policy on Internet Use contained in the Employee Handbook. This means, among other things, that COMPANY does not allow misuse of copyrighted or proprietary material by its employees on social networking sites, nor does it allow harassing behavior by its employees on these sites. Also, this policy is not in derogation of the COMPANY policy on non-disclosure of confidential information applies to your use of social networking sites as stated in the Employee Handbook.

- d. Nothing in this policy or the Employee Handbook affects your right to discuss working conditions with your co-workers under applicable labor laws and regulations, if any. Therefore, all policies are appropriately to be read and interpreted as accordingly constrained.
- e. As stated in the Employee Handbook, you may not use your COMPANY business email address or telephone number on any Public Profile without advance written permission of the Company.
- f. COMPANY time and equipment are to be used for business purposes only. [You may use social networking sites for short, reasonable periods during scheduled breaks in the work day, and only when such use does not interfere with COMPANY's business or your job. Use of social networking sites on company computers or personal mobile devices, during business hours, outside of those scheduled breaks, is not permitted. Remember, however, if you do so, you have no expectation of privacy whatsoever as to anything done or performed on company equipment, irrespective of technology functionality that may indicate privacy. In accordance with the Employee Handbook, COMPANY reserves the right to review its equipment for any reason whatsoever.]

COMPANY hopes you understand the basis for controlling the manner in which it markets professional services for the best interests of everyone. COMPANY reserves the right to continue its subjective assessment of staff conduct and compliance. Violation of this policy shall create grounds for discipline up to and including termination. If you are unwilling or unable strictly to comply with this policy, please contact your supervisor immediately in writing.

Acknowledged Receipt By:

III. Ethics

- A. **Overview.** <http://www.padisciplinaryboard.org/documents/RulesOfProfessionalConduct.pdf>.
- B. **Rule 8.2 Statements Concerning Judges and Other Adjudicatory Officers.** (a) A lawyer shall not make a statement that the lawyer knows to be false or with reckless disregard as to its truth or falsity concerning the qualifications or integrity of a judge, adjudicatory officer or public legal officer, or of a candidate for election or appointment to judicial or legal office.
1. The risks of blogging that the judge is an “Evil, unfair witch” and “seemingly mentally ill.”
Brief: http://jaablog.jaablaw.com/files/34726-32374/conway_response.pdf. UCLU:
http://jaablog.jaablaw.com/files/34726-32374/aclu_amicus.pdf. First Amendment? Fact?

Prior to October 18, 2006, Broward Circuit Judge Cheryl Aleman appointed the respondent, Conway, a Florida lawyer, to represent defendant in her courtroom for a pending felony. Through a written plea the defendant was arraigned *in absentia* on October 18, 2006. Six days later on October 24th, the clerk of the court sent a Notice of Trial to the respondent. On October 25th the Notice of Trial was received by the Respondent advising him that his client's trial was scheduled to begin three business days later on October 30, 2006. Of equal importance, this date was only eight business days after his client's arraignment.

On October 30th, Conway and his client appeared before Judge Aleman. When the case was initially called Judge Aleman asked counsel, "[t]rial or continuance?" If counsel and client wanted time to serve witnesses with subpoenas or to engage in reasonable discovery, Judge Aleman insisted that defendants, including Conway's client, waive their right to a speedy trial as a condition of granting their request for a continuance.

When the case was recalled approximately two hours later Conway directed Judge Aleman's attention to Fla. R. Crim. P. 3.160(d) which specifies that, "[a]fter a plea of not guilty has been entered the defendant is entitled to a reasonable time in which to prepare for trial." (Emphasis added). The trial judge did not directly respond to counsel's suggestion that the language of the rule should guide the court in the matter. As a consequence, counsel reluctantly advised the Court that he was moving for a continuance, as it was the only prudent option available. Judge Aleman then directed her attention to Conway's client and had him affirmatively waive his rights to a speedy trial.

The next day, Halloween 2006, Conway posted on the JAAR blog his views concerning what had transpired in Judge Aleman's courtroom with respect to his client's case, as well as all other cases which had been arraigned on October 18, 2006 and were thereafter set for trial on October 30, 2006. See Exhibit -A- Respondent's JAAB posting dated October 31, 2006. Conway acknowledges the following remarks: (1) “I along with several other attorneys, had to endure her ugly, condescending attitude as one-by-one we all went up to the podium and noted that our respective clients had just been arraigned on Oct. 18th as she forced us to decide between saying ready for trial - or need a continuance”; (2) “Every atty tried their best to bring reason to that courtroom, but, as anyone who has been in there knows, she is clearly unfit for her position and knows not what it means to be a neutral arbiter”; (3) “Evil, unfair witch (“hereinafter “witch”)”; (4) “As my case was on recall for 2 hours, I watched this seemingly mentally ill judge condescend each previous attorney”; and (5) “Judge (not your honor b/c there's nothing honorable about that malcontent) there seems to be a mistake in this case.”

2. Respondent referred to a judge as being "a total a**hole," and in a blog entry dated March 11, 2008, Respondent referred to a judge as "Judge Clueless." Respondent's blog entries contained sufficient identifying information such that Respondent's co-workers, employees of the State's Attorney's Office, police, bailiffs, or other participants in the system could determine the identity of the clients and judges to which Respondent's blog entries referred. The blog entries also contained sufficient information such that a motivated person who was not an employee could, using other publicly-available information, determine the identity of the judges and clients referred to in Respondent's blog entries.

By reason of the conduct described above, Respondent has engaged in the following misconduct: using or revealing a confidence or secret of the client known to the lawyer, in violation of Rule 1.6(a), of the Illinois Rules of Professional Conduct; and conduct which tends to defeat the administration of justice or to bring the courts or the legal profession into disrepute, in violation of Illinois Supreme Court Rule 770. <https://www.iardc.org/09CH0089CM.html>.

Respondent was aware that the defendant had misinformed the court regarding her drug usage, but, at no time did Respondent call upon the defendant to rectify her misstatement to the court, and at no time did Respondent inform the court that defendant had admitted to using methadone. Respondent knew or should have known that she had a duty to inform the court that the defendant had misrepresented that she was not using any drugs at that time, or that she had a duty to call upon the defendant to correct her misstatement. By reason of the conduct described above, Respondent has engaged in the following misconduct:

a. failing to call upon a client to rectify a fraud that the client perpetrated on the court, in violation of Rule 1.2(g) of the Illinois Rules of Professional Conduct; b. failing to disclose to a tribunal a material fact known to the lawyer when disclosure is necessary to avoid assisting a criminal or fraudulent act by the client, in violation of Rule 3.3(a)(2) of the Illinois Rules of Professional Conduct; c. conduct involving dishonesty, fraud, deceit or misrepresentation, in violation of Rule 8.4(a)(4) of the Illinois Rules of Professional Conduct; d. conduct that is prejudicial to the administration of justice, in violation of Rule 8.4(a)(5) of the Illinois Rules of Professional Conduct; and e. conduct which tends to defeat the administration of justice or to bring the courts or the legal profession into disrepute, in violation of Illinois Supreme Court Rule 770.

3. Jurors should not blog about the case, or even about the process itself, because it invites scrutiny. Attorneys in the case can pick up the blog and adjust their case. Jurors are not supposed to discuss the case, and deliberation has not begun. <http://www.nytimes.com/2010/10/18/nyregion/18juror.html>; <http://www.nbcchicago.com/traffic/transit/Metra-Takes-Blogging-Juror-Case-to-Supreme-Court-133919678.html>.
4. Attorney blogging information about a patient care record, under the objection of a hospital internal business record. No protective order and voluntarily released. http://www.vamedmal.com/library/Mahone_v_Sentara_02052010.pdf.pdf.
5. Juror trying to friend a defendant on Facebook. <http://www.zdnet.com/blog/facebook/juror-sentenced-for-trying-to-friend-defendant-on-facebook/3097?tag=rbxccnbzd1>.
6. Connecticut Superior Court Judge Kenneth Shluger recently ordered a divorcing couple to hand over their "Facebook and dating website passwords" to each other's lawyers. The ruling apparently forces both parties to violate Facebook's terms of service. <http://www.zdnet.com/blog/facebook/couple-ordered-to-swap-facebook-passwords-in-divorce-case/5262?tag=content;siu-container>.

7. Judges should not ex parte “google” regarding a case. <http://www.aoc.state.nc.us/www/public/coa/jsc/publicreprimands/jsc08-234.pdf>. See, *Judicial Ethics and the Internet: May Judges Search the Internet in Evaluating and Deciding a Case?* 16 NO. 2 Prof. Law. 2 (2005) (ABA Center for Professional Responsibility); www.abanet.org/judicialethics/ABA_MCJC_approved.pdf (discussion of the Model Code); *The Temptations of Technology*, Cynthia Gray, the American Judicature Society, 2009); New York Advisory Opinion 08-176 (www.nycourts.gov/ip/judicialethics/opinions/08-176.htm); Ind. Code of Judicial Conduct Rule 2.9(C) (no independent investigation extending to all mediums, including electronic); Fed.R.Evid. 201; Code of Conduct for United States Judges, Canon 3A(4) (ex parte communications) and 3C(1)(a) (recusal for independent knowledge of disputed facts).
8. Judges should not befriend lawyers according to the Florida Supreme Court Judicial Ethics Advisory Committee. Remember that administrative committees and Bar Associations do not have the force of law. <http://www.jud6.org/LegalCommunity/LegalPractice/opinions/jecopinions/2009/2009-20.html>.

The inquiring judge proposes to identify lawyers who may appear in front of the judge as “friends” on the judge’s page and to permit those lawyers to identify the judge as a “friend” on their pages. To the extent that such identification is available for any other person to view, the Committee concluded that this practice would violate Canon 2B.

Canon 2B states: "A judge shall not lend the prestige of judicial office to advance the private interests of the judge or others; nor shall a judge convey or permit others to convey the impression that they are in a special position to influence the judge."

With regard to a social networking site, in order to fall within the prohibition of Canon 2B, the Committee believed that three elements must be present. First, the judge must establish the social networking page. Second, the site must afford the judge the right to accept or reject contacts or “friends” on the judge’s page, or denominate the judge as a “friend” on another member’s page. Third, the identity of the “friends” or contacts selected by the judge, and the judge’s having denominated himself or herself as a “friend” on another’s page, must then be communicated to others. Typically, this third element is fulfilled because each of a judge’s “friends” may see on the judge’s page who the judge’s other “friends” are. Similarly, all “friends” of another user may see that the judge is also a “friend” of that user. It is this selection and communication process, the Committee believed, that violates Canon 2B, because the judge, by so doing, conveys or permits others to convey the impression that they are in a special position to influence the judge.

While judges cannot isolate themselves entirely from the real world and cannot be expected to avoid all friendships outside of their judicial responsibilities, some restrictions upon a judge’s conduct are inherent in the office. Thus, the Commentary to Canon 2A states:

“Irresponsible or improper conduct by judges erodes public confidence in the judiciary. A judge must avoid all impropriety and appearance of impropriety. A judge must expect to be the subject of constant public scrutiny. A judge must therefore accept restrictions on the judge’s conduct that might be viewed as burdensome by the ordinary citizen and should do so freely and willingly.”

A judge’s participation in a social networking site must also conform to the limitations imposed by Canon 5A, which provides:

“A. Extrajudicial Activities in General. A judge shall conduct all of the judge's extra-judicial activities so that they do not:

- 1. cast reasonable doubt on the judge’s capacity to act impartially as a judge;**
- 2. undermine the judge’s independence, integrity, or impartiality;**
- 3. demean the judicial office;**
- 4. interfere with the proper performance of judicial duties;**
- 5. lead to frequent disqualification of the judge; or**
- 6. appear to a reasonable person to be coercive.”**

The issue is not whether the lawyer actually is in a position to influence the judge, but instead whether the proposed conduct, the identification of the lawyer as a “friend” on the social networking site, conveys the impression that the lawyer is in a position to influence the judge. The Committee concluded that such identification in a public forum of a lawyer who may appear before the judge does convey this impression and therefore is not permitted.

The inquiring judge has asked about the possibility of identifying lawyers who may appear before the judge as “friends” on the social networking site and has not asked about the identification of others who do not fall into that category as “friends”. This opinion should not be interpreted to mean that the inquiring judge is prohibited from identifying any person as a "friend" on a social networking site. Instead, it is limited to the facts presented by the inquiring judge, related to lawyers who may appear before the judge. Therefore, this opinion does not apply to the practice of listing as “friends” persons other than lawyers, or to listing as “friends” lawyers who do not appear before the judge, either because they do not practice in the judge's area or court or because the judge has listed them on the judge’s recusal list so that their cases are not assigned to the judge.

A minority of the committee would answer all the inquiring judge’s questions in the affirmative. The minority believes that the listing of lawyers who may appear before the judge as "friends" on a judge's social networking page does not reasonably convey to others the impression that these lawyers are in a special position to influence the judge. The minority concluded that social networking sites have become so ubiquitous that the term "friend" on these pages does not convey the same meaning that it did in the pre-internet age; that today, the term "friend" on social networking sites merely conveys the message that a person so identified is a contact or acquaintance; and that such an identification does not convey that a person is a "friend" in the traditional sense, i.e., a person attached to another person by feelings of affection or personal regard. In this sense, the minority concluded that identification of a lawyer who may appear before a judge as a "friend" on a social networking site does not convey the impression that the person is in a position to influence the judge and does not violate Canon 2B.

The question then remained whether a campaign committee may establish a social networking page which allows lawyers who may practice before the judge to designate themselves as "fans" or supporters of the judge's candidacy.

To the extent a social networking site permits a lawyer who may practice before a judge to designate himself or herself as a fan or supporter of the judge, this practice is not prohibited by Canon 2B, so long as the judge or committee controlling the site cannot accept or reject the lawyer's listing of himself or herself on the site. Because the judge or the campaign cannot accept or reject the listing of the fan on the campaign's social networking site, the listing of a lawyer's name does not convey the impression that the lawyer is in a special position to influence the judge.

9. Relevant Rule of Conduct PA
 - a. Trial Publicity 3.6

- b. Communication with Persons Represented by Counsel 4.2
 - c. Dealing with Unrepresented Persons 4.3
 - d. Responsibilities of Partners, Managers & Supervisors 5.1
 - e. Unauthorized Practice of Law 5.5
 - f. Communications Concerning Lawyer's Service 7.1
 - g. Advertising 7.2
 - h. Direct Contact with Prospective Clients (Solicitation) 7.3
 - i. Communication of Fields of Practice & Specialization 7.4
 - j. Firm Names and Letterhead 7.5
 - k. Lawyer Referral Service 7.7
 - l. Disciplinary Authority; Choice of Law 8.5
10. Resources
- a. ABA/BNA Lawyers' Manual of Professional Conduct
 - b. www.abanet.org/adrules
 - c. www.aprl.net
 - d. www.law.cornell.edu/ethics
 - e. www.pabar.com
 - f. www.pacode.com
 - g. Pa Bar Ethics Hotline (800) 932.0311 x2214
 - h. Allegheny County Bar Association Ethics Hotline 412.261.6161

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